

CITY OF FARMERS BRANCH, TEXAS

Annual Comprehensive Financial Report



For the Year Ended September 30, 2021

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City of Farmers Branch, Texas
Annual Comprehensive Financial Report
For the Year Ended September 30, 2021

City Council:

Robert C. Dye
Cristal Retana
Michael Driskill
Traci Williams
Terry Lynne
David Merritt

Mayor
Mayor Pro Tem, District 1
Deputy Mayor Pro Tem, District 2
District 3
District 4
District 5



(From Left) Councilmember Traci Williams, Deputy Mayor Pro Tem Michael Driskill, Mayor Robert C. Dye, Councilmember David Merritt, Mayor Pro Tem Cristal Retana, Councilmember Terry Lynne

City Manager
Charles S. Cox

Prepared by
Finance Department
Sherrelle Evans-Jones, CPA
Director of Finance

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**Annual Comprehensive Financial Report
For the Year Ended September 30, 2021**

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City of Farmers Branch
13000 William Dodson Parkway
Farmers Branch, Texas 75234

January 18, 2022

Honorable Mayor and City Council
City of Farmers Branch
Farmers Branch, Texas

We are pleased to submit the Annual Comprehensive Financial Report of the City of Farmers Branch, Texas for the year ended September 30, 2021. The purpose of the report is to provide the Council, management, staff, the public and other interested parties with detailed information reflecting the City's financial condition.

THE REPORT

The Texas Local Government Code (§103.001) requires Management to present a draft of annual audits of municipalities and the City Charter (Sec. 2-18) requires an annual audit of the books of account, financial records, and other evidence of transactions by a certified public accountant within 120 days of the end of the fiscal year. These requirements have been fulfilled and the independent auditor's report is included with this report for the fiscal year ended September 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BKD, L.L.P. has issued an unmodified opinion on the City of Farmers Branch financial statements for the year ended September 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Farmers Branch (City) covers approximately 12.1 square miles and is conveniently located on Dallas' northern border. It lies in the heart of an 11-county area that has emerged as a premier commercial, financial, and trading center. Two major interstate highways (IH-35 and IH-635), the Dallas North Tollway and the President George Bush Turnpike, border the City. The Dallas/Fort Worth International Airport and the Dallas Love Field Airport are only minutes from Farmers Branch. These factors all contribute to the favorable business climate existing within the City.

The City of Farmers Branch was incorporated in 1946 under the general laws of the State of Texas. The City operates under a Council-Manager form of government. Policy-making and legislative authority are

vested in a governing council (Council) consisting of the Mayor and five other members, all elected on a non-partisan basis. The term of office is three years, with the terms of two members expiring every year. Term limits allow two terms for at-large members and an additional two terms for an at-large member who becomes Mayor. The City Manager is the chief executive officer for the City.

Although the residential population has recently been estimated at 35,991, Farmers Branch serves a daytime population of 66,000 (per the United States Census Bureau's *American Community Survey – 1 Year Preliminary Estimates*). The City provides a full range of municipal services including public safety (police and fire protection), streets, water and sanitary sewer utilities, stormwater utility, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative functions. The City of Farmers Branch also is financially accountable for Tax Increment Financing District No. 2, Tax Increment Reinvestment Zone No. 3, and the Farmers Branch Local Government Corporation (FBLGC), which are included as blended component units and the North Texas Emergency Communications Center, Inc. (NTECC) and North Dallas County Water Supply Corporation (NDCWSC), which are included as joint ventures. Additional information on these five entities can be found in the notes to the financial statements (See Note 1.A).

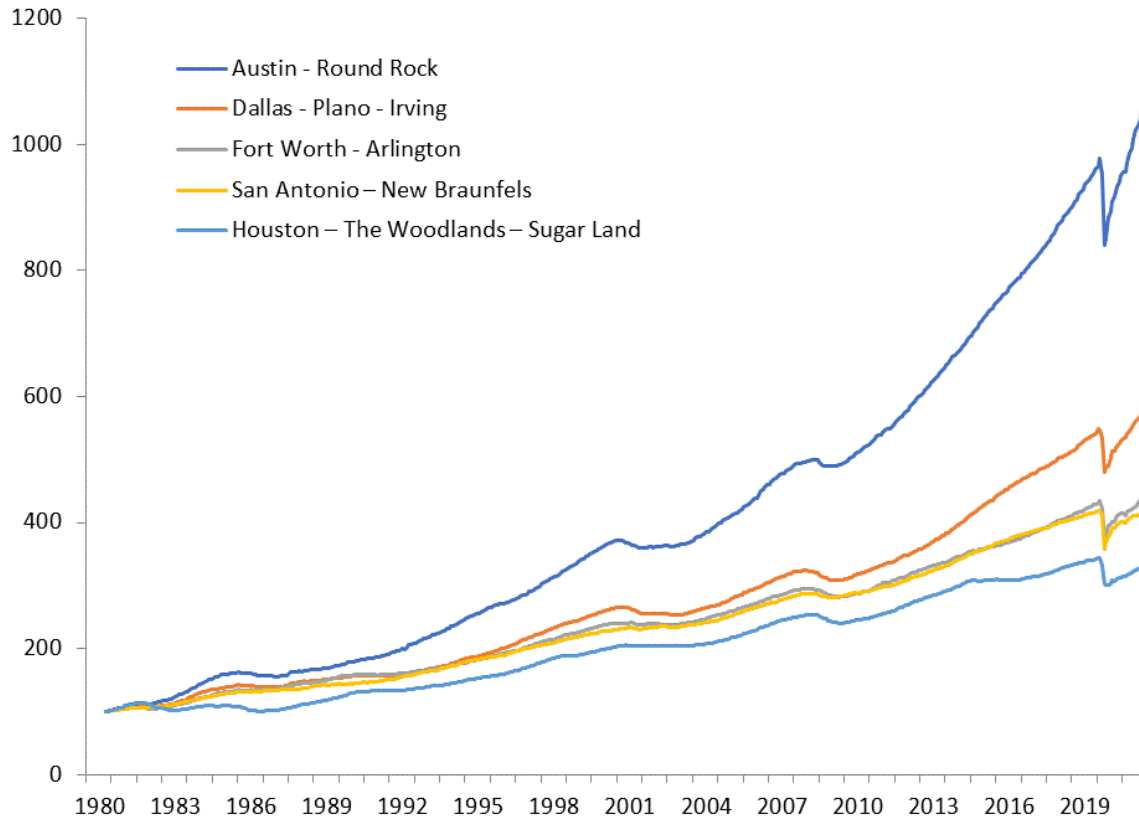
The City Council enacts the budget through passage of an ordinance prior to the start of each fiscal year. This budget serves as the foundation for the City of Farmers Branch's financial planning and control. Annual budgets are prepared for all governmental funds including the general fund, debt service fund and special revenue funds. Capital projects funds are budgeted over the life of a project. The City Manager is authorized to transfer resources within each department and between departments within the same fund. City Council approval is necessary for all other transfers (See Note 1.D).

LOCAL ECONOMY

According to the Federal Reserve Bank of Dallas' November 2021 Regional Economic Update published December 4, 2021, "Dallas-Fort Worth's recovery from the economic effects of COVID-19 progressed further in October. Payrolls expanded broadly, unemployment dipped and the Dallas and Fort Worth business-cycle indexes rose. Activity in the housing market remained a bright spot, characterized by soaring sales, prices and construction activity. Apartment rent collections in November slightly trailed both October and year-earlier levels."

Business Cycle Indexes: Major Texas Metros

Index, October 1980 = 100*



*Monthly, seasonally adjusted.

Last data entry November 2021.

SOURCE: Federal Reserve Bank of Dallas.

The City's broadly diversified economic base supports home furnishings, financial, high-tech, insurance, and telecommunications industries, and includes many of the nation's foremost businesses. Slightly more than seventy-three percent (73%) of the City's tax base comes from the business community.

In fiscal year 2021, actual general fund revenues of \$70.7 million represented an increase of 10.2 percent from prior year actuals. General fund property tax revenues increased 11.9 percent from prior year actuals due primarily to increased residential and commercial property valuations. Sales and use tax revenues increased 9.2 percent from prior year actuals in recovering from the pandemic.

The fiscal year 2022 budget estimates that general fund revenues will increase by approximately \$5.37 million from the 2021 adopted budget due primarily to higher property values. The budget emphasizes investment in infrastructure and equipment needed to continually improve basic services to citizens. The fiscal year 2022 budget details water and sewer revenues at \$120,000 greater than the fiscal year 2021 adopted budget. Water and sewer fund expenses are projected to increase by \$980,100 compared to the prior year's adopted budget due primarily to increased pay-as-you-go funding for utility replacements and inflow and infiltration (I&I) remediation.

LONG-TERM FINANCIAL PLANNING

Users of this document, as well as others interested in the programs and services offered by the City of Farmers Branch, are encouraged to read the City's 2021-22 Fiscal Year Budget. The document details the City's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City's capital improvement program. The City's budget also includes long-term financial plans for the general fund that forecasts revenues and expenditures over a five-year horizon. The document can be obtained from the City of Farmers Branch Finance department by calling (972) 247-3131. The budget can also be accessed through the City's web site at www.farmersbranchtx.gov and selecting the Finance department using the web site's "department quicklink."

RELEVANT FINANCIAL POLICIES

The City's fund balance/operating position concept continues to be an important factor in policy decisions. The concept notes that the City will strive to maintain a general fund unassigned fund balance to be used for unanticipated emergencies with a low end of 15% and a high end of 20% of the actual general fund expenditures plus other financing sources and uses. These monies will be used to avoid cash flow interruptions, generate interest income, reduce the need for short-term borrowing, and assist in maintaining an investment-grade rating.

The City of Farmers Branch invests funds prudently and has adopted an investment policy, which is reviewed annually by the City Council as prescribed by State law. Staff provides a quarterly report of investments for City Council review. The City's investment practice is to buy securities and hold them to maturity to avoid potential losses from a sale. During fiscal year 2021, the City complied with all aspects of the investment policy.

MAJOR INITIATIVES

In fiscal year 2021, construction of the Mercer Crossing planned development continued on the City's west side. The impact of this estimated \$1 billion value development continues to be significant. Public improvements totaling \$33 million (financed with public improvement district bonds) have been constructed. As properties are developed and sold, it is anticipated that close to 10,000 new residents and many new businesses will continue to enter Farmers Branch creating new revenue and expanded needs for city services. This mixed-use development of 1,000 single-family homes, 2,250 apartment units, hotels, retail, office and restaurants is planned for build-out within four years ultimately increasing net property tax revenue (after 40% tax increment finance participation) to the City by \$1.4 million per year. This additional revenue is expected to cover the increased operational cost of delivering services required by the development.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmers Branch for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. The City has received this prestigious award for thirty-two consecutive years. In order to be awarded a Certificate of Achievement, the City must publish easily readable and efficiently organized financial statements that satisfy both generally accepted accounting principles and applicable legal requirements.

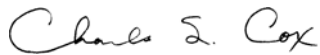
A Certificate of Achievement is valid for a period of one year only. The City believes its current financial statements continue to meet the Certificate of Achievement Program requirements and is submitting it to the GFOA to determine eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2020. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the finance department and our independent auditors. We would also like to express sincere appreciation to all employees who contributed to its preparation.

In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in cursive script that reads "Charles S. Cox".

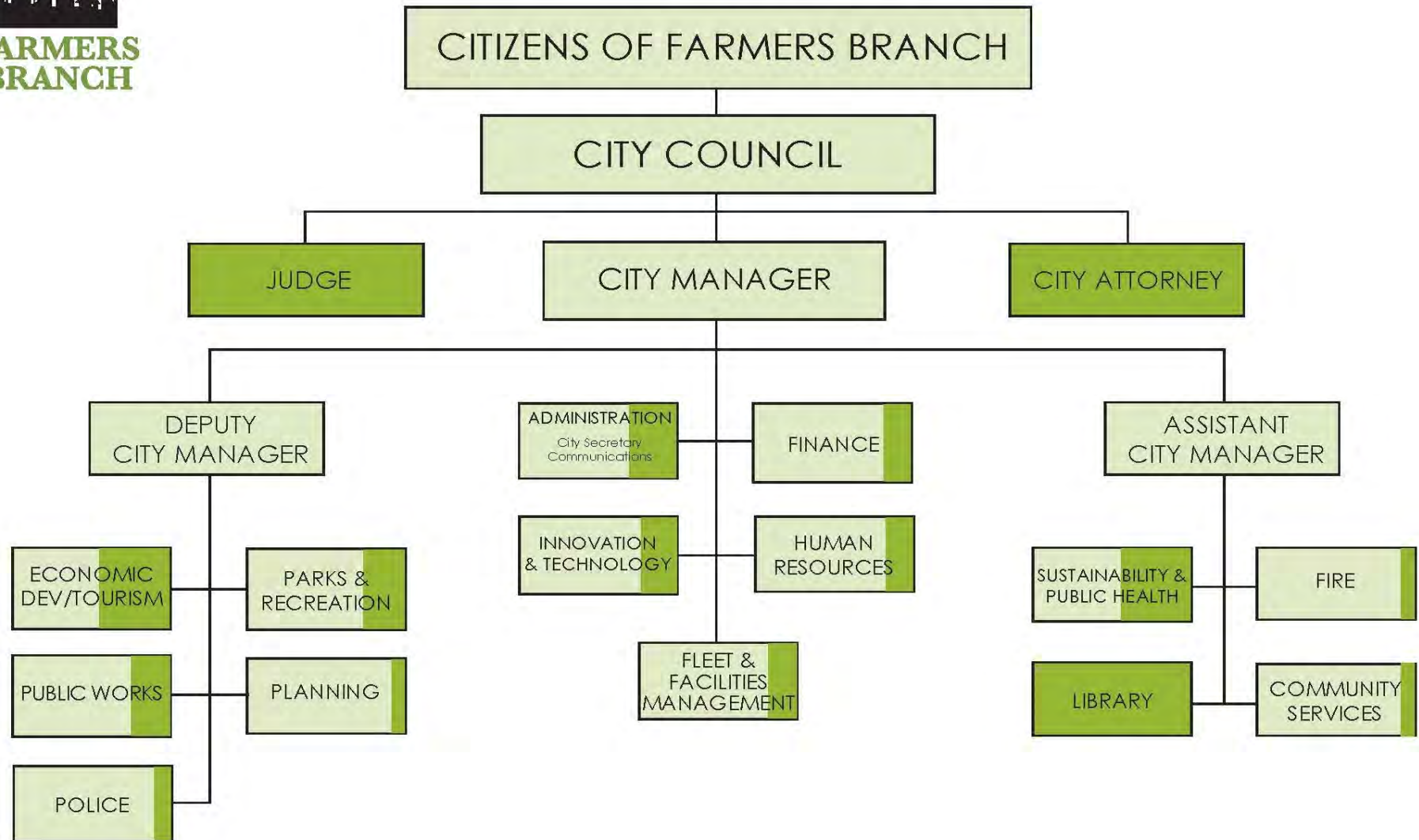
Charles S. Cox
City Manager

A handwritten signature in cursive script that reads "Sherelle Evans-Jones".

Sherelle Evans-Jones, CPA
Director of Finance



CITY OF FARMERS BRANCH FY 2021-22 ORGANIZATION CHART



 Outsourced Services

**City of Farmers Branch, Texas
List of Principal Officials**

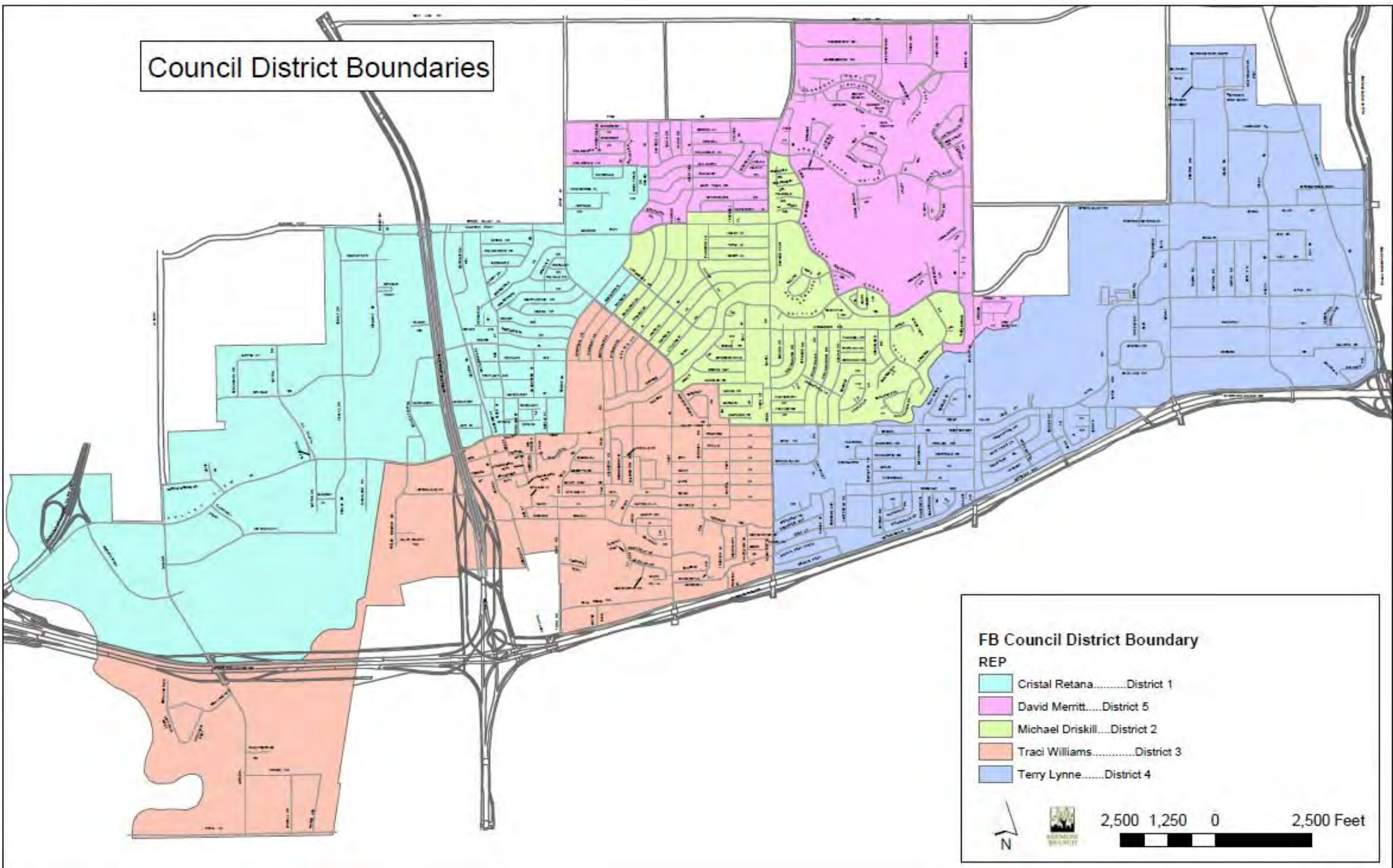
CITY COUNCIL

Robert C. Dye	Mayor
Cristal Retana	Mayor Pro Tem, District 1
Michael Driskill	Deputy Mayor Pro Tem, District 2
Traci Williams	District 3
Terry Lynne	District 4
David Merritt	District 5

APPOINTED OFFICIALS

Charles S. Cox	City Manager
John Land	Deputy City Manager
Ben Williamson	Assistant City Manager
Terry Carnes	City Judge
Amy Piukana	City Secretary
Jeff L. Brady	Communications Director
Allison Cook	Economic Development, Tourism & Planning Director
Sherrelle Evans-Jones	Finance Director
Gabriel Vargas	Fire Chief
Kevin Muenchow	Fleet & Facilities Management Director
Brian Beasley	Human Resources Director
Mark Samuels	Innovation & Technology Director
Michael Mashburn	Parks & Recreation Director
David Hale	Police Chief
Marc Bentley	Public Works Director
Shane Davis	Sustainability & Public Health Director

Council District Boundaries





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Farmers Branch
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

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Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Farmers Branch, Texas
Farmers Branch, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Farmers Branch, Texas (City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund and grant fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended September 30, 2021, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining, and individual fund statements, budgetary schedules, statistical section, and continuing financial disclosure tables, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and budgetary schedules are the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended September 30, 2021, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended September 30, 2021.

The introductory section, statistical section, and continuing financial disclosure tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Dallas, Texas
January 18, 2022

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2021
(Unaudited)

As management of the City of Farmers Branch (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The City's total combined net position as presented on the Government-wide Statement of Net Position was \$235,298,700, which represents an increase of \$25,845,361 from the prior year. This was primarily due to the continued impact of the Mercer Crossing planned development on the City's west side.
- The City's governmental funds reported combined ending fund balances of \$62,063,361, an increase of \$1,811,054 in comparison with the prior year. The increase in total fund balance was primarily due to the receipt of grant funds related to the COVID-19 pandemic.
- The unassigned fund balance for the general fund was \$22,030,886 or 34.30 percent of total general fund expenditures plus other financing sources (uses). This represents an increase of \$5,309,908 from the prior fiscal year.
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the general fund was \$26,508,491 or 40.24 percent of total general fund expenditures.
- The City's long-term liabilities decreased \$8,881,135 during the current fiscal year primarily due to a decrease in the net pension liability and scheduled debt payments. The accounting standards for pensions will reflect more volatility in the amount of the liability from year-to-year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information required to be presented by the Governmental Accounting Standards Board and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

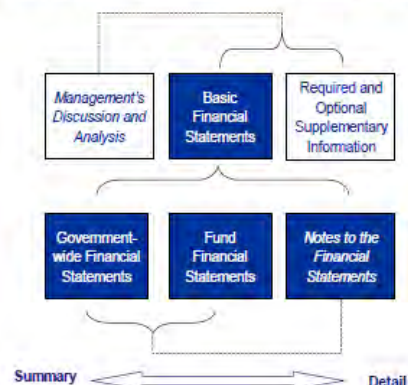
The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water and sewer and stormwater utilities.

The government-wide financial statements can be found in Exhibit A of this report.

Required Components of
City of Farmers Branch's Annual Financial Report



CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2021
(Unaudited)

Fund Financial Statements - A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains 23 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and grants fund, which are the only two major funds for the reporting year. Data from the other 21 funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibit B of this report.

Proprietary Funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sanitary sewer utility and stormwater utility. The City uses enterprise funds to account for its stormwater long-term construction projects. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its facilities and fleet management, workers' compensation, and health claims funds. Because these services predominantly benefit governmental rather than business-type functions, they have been primarily included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer fund and stormwater utility fund are considered major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found in Exhibit C of this report.

Notes to Basic Financial Statements - The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found in Exhibit D of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found in Exhibit E of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the required supplementary information on pensions and OPEB. Combining and individual statements and schedules can be found in Exhibit F through Exhibit H of this report.

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2021
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net position, the amount that assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources, was \$235,298,700 at the close of the most recent fiscal year.

CONDENSED NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 83,647,550	\$ 75,044,786	\$ 27,073,563	\$ 21,916,975	\$ 110,721,113	\$ 96,961,761
Capital assets	184,442,421	176,709,034	55,011,620	52,442,370	239,454,041	229,151,404
Total assets	268,089,971	251,753,820	82,085,183	74,359,345	350,175,154	326,113,165
Total deferred outflows of resources	5,057,139	5,937,071	283,583	320,644	5,340,722	6,257,715
Noncurrent liabilities	94,222,912	102,857,059	1,728,624	1,975,612	95,951,536	104,832,671
Other liabilities	14,100,227	8,799,133	1,716,504	1,213,958	15,816,731	10,013,091
Total liabilities	108,323,139	111,656,192	3,445,128	3,189,570	111,768,267	114,845,762
Total deferred inflows of resources	8,038,267	7,666,288	410,642	405,491	8,448,909	8,071,779
Net position:						
Net investment in capital assets	148,809,910	140,767,184	54,928,229	52,383,379	203,738,139	193,150,563
Restricted	13,515,575	9,407,269	-	-	13,515,575	9,407,269
Unrestricted	(5,539,781)	(11,806,042)	23,584,767	18,701,549	18,044,986	6,895,507
Total net position	\$ 156,785,704	\$ 138,368,411	\$ 78,512,996	\$ 71,084,928	\$ 235,298,700	\$ 209,453,339

The largest portion of the City's combined net position in the amount of \$203,738,139 reflects its investments in capital assets (e.g., land, buildings, equipment, intangible assets, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position in the amount of \$13,515,575 represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's combined unrestricted net position is a surplus of \$18,044,986 due to a positive balance in business-type activities. A net position deficit of \$(5,539,781) exists in the governmental activities net position. Please refer to the Notes to the Financial Statements (Exhibit D) for the City's plan to reduce the deficit in the governmental activities.

The unrestricted net position of the business-type activities is a positive balance of \$23,584,767; however, these resources cannot be used to make up a portion of the deficit in the governmental activities unrestricted net position. The City generally can only use this net position to finance continuing water and sewer operations.

Analysis of the City's Operations – During the current fiscal year, the net position for governmental activities increased \$18,417,293 from the prior fiscal year for an ending balance of \$156,785,704. This increase is attributable in large part to the development on the City's west side, which increased capital contributions, building permits and sales tax. Additionally, the increase is also attributed to the increase in revenue from property taxes, charges for services and other revenue areas. The net position of the business-type activities increased \$7,428,068 from the prior fiscal year for an ending balance of \$78,512,996. The rates for water and sewer service were not changed from the prior year. The development on the City's west side also included capital contributions of \$592,797 for the business-type activities. Additionally transfers to governmental activities decreased by \$8,025,400 due to the completion of the Service Center, which was constructed and concluded during 2020.

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2021
(Unaudited)

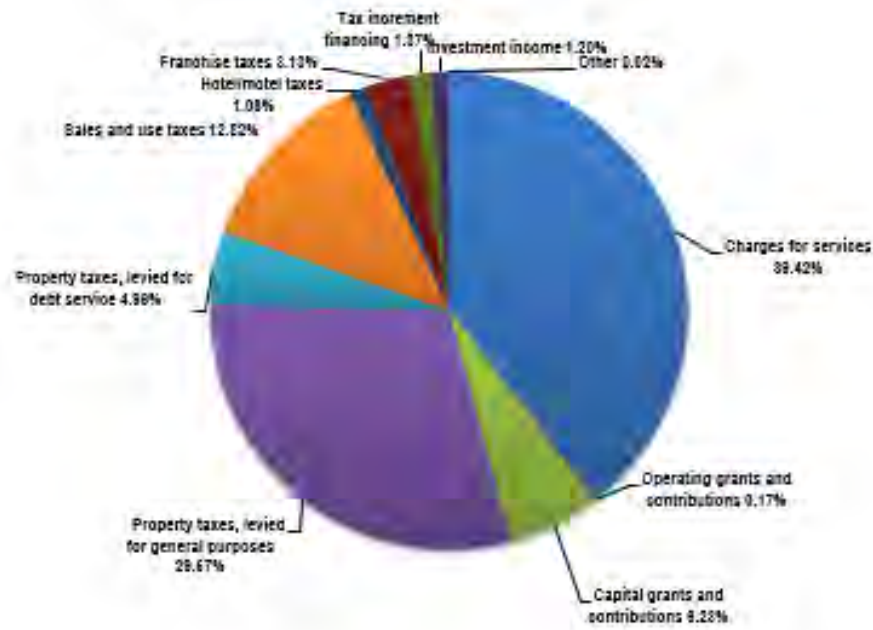
CHANGES IN NET POSITION

	Gov ernmental Activities		Business-Ty pe Activities		Total - Primary Gov ernment	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 16,709,860	\$ 13,114,957	\$ 29,060,673	\$ 28,029,705	\$ 45,770,533	\$ 41,144,662
Operating grants and contributions	1,565,257	2,177,925	-	-	1,565,257	\$ 2,177,925
Capital grants and contributions	4,164,801	5,920,245	592,797	2,716,505	4,757,598	8,636,750
General revenues:						
Taxes:						
Property taxes, levied for general purposes	34,131,625	30,636,546	-	-	34,131,625	30,636,546
Property taxes, levied for debt serv ice	4,973,900	4,443,207	-	-	4,973,900	4,443,207
Sales and use taxes	18,737,374	17,164,707	-	-	18,737,374	17,164,707
Hotel/motel taxes	1,683,018	1,794,067	-	-	1,683,018	1,794,067
Franchise taxes	3,885,156	3,873,220	-	-	3,885,156	3,873,220
Tax increment financing	1,557,120	4,513,776	-	-	1,557,120	4,513,776
Investment income	1,031,746	2,393,143	7,656	270,165	1,039,402	2,663,308
Miscellaneous	23,458	114,726	-	-	23,458	114,726
Total revenues	88,463,315	86,146,519	29,661,126	31,016,375	118,124,441	117,162,894
Expenses:						
General government	17,255,980	21,181,076	-	-	17,255,980	21,181,076
Public safety	26,422,950	29,902,691	-	-	26,422,950	29,902,691
Public works	14,984,662	12,899,719	-	-	14,984,662	12,899,719
Culture and recreation	13,626,946	14,243,692	-	-	13,626,946	14,243,692
Interest on long-term debt	1,527,200	1,823,611	-	-	1,527,200	1,823,611
Unallocated depreciation	145,929	185,799	-	-	145,929	185,799
Water and sewer	-	-	17,324,414	16,026,496	17,324,414	16,026,496
Stormwater utility	-	-	1,009,125	1,693,104	1,009,125	1,693,104
Total expenses	73,963,667	80,236,588	18,333,539	17,719,600	92,297,206	97,956,188
Change in net position before other financing sources (uses)	14,499,648	5,909,931	11,327,587	13,296,775	25,827,235	19,206,706
Gain on disposal of capital assets	18,126	2,165,410	-	-	18,126	2,165,410
Gain on extinguishment of debt	-	9,979,973	-	-	-	9,979,973
Transfers	3,899,519	11,947,117	(3,899,519)	(11,947,117)	-	-
Change in net position	18,417,293	30,002,431	7,428,068	1,349,658	25,845,361	31,352,089
Net position--beginning	138,368,411	108,365,980	71,084,928	69,735,270	209,453,339	178,101,250
Net position--ending	\$ 156,785,704	\$ 138,368,411	\$ 78,512,996	\$ 71,084,928	\$ 235,298,700	\$ 209,453,339

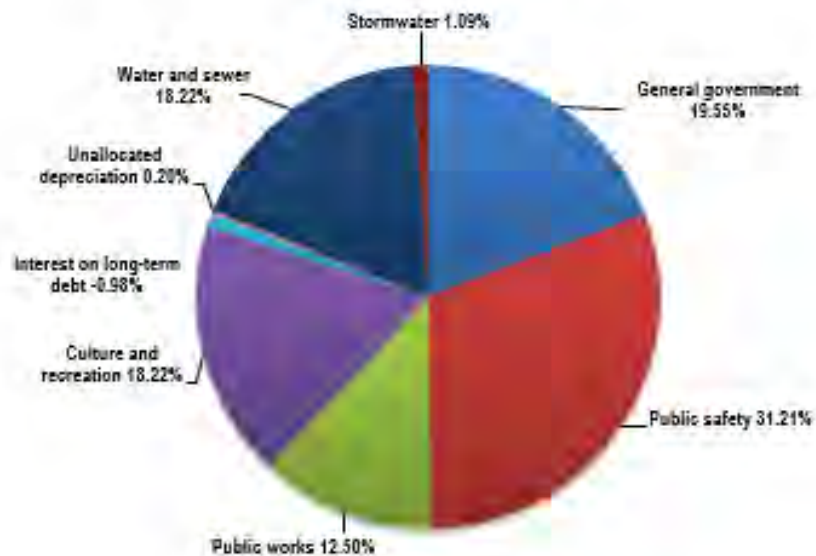
CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2021
(Unaudited)

Total Sources of Revenue



Total Expenses by Activity



CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2021
(Unaudited)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$62,063,361. Of this total, \$27,327,233 is restricted due to external limitations on its use, such as by debt covenants, legal restrictions, or intention of grantors, donors, or trustees. A total of \$4,818,022 is considered nonspendable because it has been used for inventory and prepaid items. A total of \$7,887,220 has been assigned meaning there are limitations resulting from its intended use, such as construction of capital assets, payment of debt service, and for other purposes. The remaining \$22,030,886 is unassigned and can be used for any lawful purpose.

The general fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund is \$22,030,886, while total fund balance is \$30,026,337. As a measure of the general fund's liquidity, it may be useful to compare the unassigned general fund balance and total general fund balance to total general fund expenditures and other financing sources and uses. Unassigned general fund balance represents 34.30 percent of total general fund expenditures plus other financing uses, while total fund balance represents 46.75 percent of that same amount.

The fund balance of the general fund increased \$6,449,627 during the fiscal year. Revenues were \$6,564,615 higher than the prior year. Property tax revenue increased \$3,651,038 due primarily to higher valuations; additionally several other revenue sources showed increases as the City continues to rebound from the COVID-19 pandemic. Expenditures were \$1,876,998 less than the prior year due to increased public safety spending related to the joint emergency communication organization during 2020, which was not needed during 2021. The fund balance of the grants fund decreased by \$649,275 due to the one-time award of CARES funding during the prior fiscal year, a portion of which was deferred in 2020, and recognized as revenue in 2021.

Proprietary Funds - The City's water and sewer fund and stormwater utility fund are the enterprise components of the City's proprietary funds. These fund's financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the water and sewer fund was \$18,714,859 and the stormwater utility fund was \$4,326,091. The internal service funds (the other component of proprietary funds) report activities that provide supplies and services for the City's various functions. The City uses internal service funds to account for facilities and fleet management and the City's workers' compensation and health insurance self-insurance programs. Because all of these services primarily benefit governmental rather than business-type activities, they have primarily been included with governmental activities in the government-wide financial statements.

General Fund Budgetary Highlights - During the fiscal year ending September 30, 2021, the City Council adopted amendments to the budget. In the general fund, final budgeted revenues increased \$1,276,200 and final budgeted expenditures decreased \$2,183,307 compared to the original budget. The budget for sale of general capital assets, which is an "other financing source", decreased \$1,865,400 due to City-owned property that was not sold during 2021 as budgeted. Variances with Final Budget are denoted in Exhibit B-5. During the fiscal year ending September 30, 2021, the most notable variances from the final budget include an increase of \$771,063 of property taxes and an increase of \$1.1 million in sales and use taxes, which both exceeded budget due to management lowering revenue expectations due to the COVID-19 pandemic. Actual expenditures from General Government were less than budgeted by \$4.6 million. This is due to a reduction of personnel and operating expenses implemented by management and Council out of an abundance of caution as the City continued to navigate the COVID-19 pandemic. Actual impacts of the COVID-19 pandemic was less severe than management and Council's initial expectations.

CAPITAL ASSETS

The City's investment in capital assets for its government-wide activities as of September 30, 2021, amounts to \$239,454,041 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure, intangible assets, and construction in progress.

Major capital asset events during the current fiscal year included the following:

Completed Projects

- Recreation Center Renovation - Phase 1 - \$2,316,000
- Manske Library Renovation - \$2,332,000
- Installation of Solar Panels at three City Facilities - \$1,024,000

Amounts Spent for Ongoing Projects

- Utility improvements for \$838,000
- Trail Improvements adopted in Trail Master Plan for \$433,000

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2021
(Unaudited)

Capital Assets at Year-End Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 39,411,462	\$ 39,411,462	\$ 603,364	\$ 603,364	\$ 40,014,826	\$ 40,014,826
Buildings	54,240,739	51,456,519	6,110,987	6,375,376	60,351,726	57,831,895
Equipment	11,001,024	10,018,835	1,561,726	1,571,959	12,562,750	11,590,794
Improvements	5,418,246	5,725,201	14,420	15,566	5,432,666	5,740,767
Infrastructure	58,603,107	57,797,593	42,168,078	43,122,642	100,771,185	100,920,235
Intangible assets	632,118	866,082	488,370	608,439	1,120,488	1,474,521
Construction in progress	15,135,725	11,433,342	4,064,675	145,024	19,200,400	11,578,366
Total	\$ 184,442,421	\$ 176,709,034	\$ 55,011,620	\$ 52,442,370	\$ 239,454,041	\$ 229,151,404

Additional information on the City's capital assets can be found in Note 3.D. Capital Assets on pages 36-37 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total bonded debt of \$56,287,366. A portion of this debt is considered to be self-supporting in that it will be repaid from sources other than property taxes. A portion in the amount of \$2,740,525 comprises debt to be repaid from hotel/motel tax revenues and lease payments from the Dallas Stars. Another portion in the amount of \$2,364,000 comprises debt to be repaid from a sale of land at the landfill and a portion of landfill revenue. Both of these portions are backed by the full faith and credit of the government.

Outstanding Debt at Year-End

	Governmental Activities	
	2021	2020
General obligation bonds	\$ 56,287,366	\$ 60,949,386
Total	\$ 56,287,366	\$ 60,949,386

The City maintains favorable ratings from bond rating agencies. The ratings are as follows:

	Moody's Investors Service	Date Confirmed	Fitch Ratings	Date Confirmed	Standard & Poor's	Date Confirmed
2009 Combination tax and revenue, tax able	n/a	n/a	n/a	n/a	AA+	September 17, 2021, 2020
2011 General obligation refunding bonds, taxable	Aa2	June 16, 2021	AA+	August 17, 2021	AA+	September 17, 2021
2013 Certificates of obligation	Aa2	June 16, 2021	AA+	August 17, 2021	AA+	September 17, 2021
2014 Certificates of obligation	n/a	n/a	AA+	August 17, 2021	AA+	September 17, 2021
2014 General obligation	n/a	n/a	AA+	August 17, 2021	AA+	September 17, 2021
2016 Certificates of obligation	n/a	n/a	AA+	August 17, 2021	AA+	September 17, 2021
2018 Certificates of obligation	n/a	n/a	AA+	August 17, 2021	AA+	September 17, 2021
2018 General obligation	n/a	n/a	AA+	August 17, 2021	AA+	September 17, 2021
2020 General obligation improvement bonds	Aa2	June 16, 2021	AA+	August 17, 2021	AA+	September 17, 2021
2020 General obligation refunding bonds	Aa2	June 16, 2021	AA+	August 17, 2021	AA+	September 17, 2021

Additional information on the City's long term-debt can be found in Note 3.G. Long-Term Liabilities on pages 40-42 of this report.

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2021
(Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year 2021-22 budget has been prepared with the objectives of maintaining the financial strength of the City, meeting the needs of citizens, and implementing the priorities of the City Council. The budget has been developed to be responsive to residents and businesses feeling financial stress and includes the maintenance of a property tax rate of \$0.5890; the continuation of a \$15,000 increase in the over- 65 exemption; no water, sewer or stormwater rate increase; continued business grant funding for COVID related expenditures; significant increase in spending related to the American Rescue Plan Act (ARPA); and, increased funding to assist residents with food and rental-assistance expenditures.

The 86th Texas Legislature recently passed Senate Bill 2 into law, which effectively limits increasing existing property tax revenue to 3.5% per year without voter approval beginning with the fiscal year 2021-22 budget. Realizing that future revenue growth will be capped, significant efforts continue to be made in the fiscal year 2021-22 budget to direct a majority of growth to investments in capital improvements. The budget emphasizes investment in public safety, infrastructure, and equipment including continuation of Creek channel improvements; continuation of a street bond program; increased utility replacement funding; landfill closure funding; increased economic development funding; street revitalization and improvement funding; continuation of Residential Revitalization Programs; and, installation of electric vehicle (EV) charging station networks at more city facilities.

Revenues are projected to increase in 2021-22 as the City continues to rebound from the impacts of COVID-19 and with the receipt of ARPA grants. Property tax and sales tax revenue represent 76 percent of total general fund revenues. In past years, the City has had the fortune of a strong tax base and fund balances. Due to the Coronavirus pandemic and new appraisal review requirements resulting from Senate Bill 2, the Dallas Central Appraisal District provided cities with a "Certified" property value. The "Certified" property values utilized in preparing the 2021-22 budget was \$7.2 billion, representing an increase of 11.2% over prior year values – of which 50% comes from new construction. The commercial tax base, including real and business personal property, represents a strong 73% of the City's total tax base.

The property tax rate of 58.9 cents per \$100 valuation maintains the existing rate from prior year. A property tax rate at this level continues to position Farmers Branch at one of the lowest rates in Dallas County. Sales tax revenue is the City's second largest source of revenue and has rebounded from the COVID-19 pandemic, with revenues from existing businesses anticipated to increase approximately 9.3% from the 2020-21 Adopted budget. The 2021-22 budget includes an anticipated decrease in building permit revenue of \$811,000 resulting from fewer permitting requests on the City's west side as this area nears the point of being completely built out. Additionally, refuse services revenue is expected to increase by \$800,000 as a result of increased tonnage made possible by the Camelot Landfill Permit Expansion completed in 2017. Total general fund budgeted revenue is projected to increase by 8.1 percent or \$5.37 million compared to the prior year's adopted budget.

Budgeted general fund expenditures are expected to increase by \$2.66 million compared to the prior year's adopted budget. The increase is primarily due to the proposed implementation of a major compensation study (performed every five years) and staff merit increases totaling \$1,582,200, implementation of a City Council authorized Parks Masterplan totaling \$600,000, and implementation of a City Council authorized pay-as-you-go street improvement plan that will provide for the reconstruction of two streets. New personnel authorizations represent an addition of nine full-time employees, including: four additional Police Officer authorizations [two are temporary funded authorizations], one Fire Prevention Inspector, and four employees to improve services in the area of Animal Services, Innovation & Technology (IT), Human Resources and Finance.

With business and recreational travel slowly returning as the area continues to recover from the COVID-19 pandemic, anticipated revenues from hotel/motel taxes are expected to increase by 27%. Hotel/motel expenditures are budgeted at \$97,700 less due primarily to the reduction of hotel incentives, which are paid as a result of hotel room night occupancy.

The budget details business-type funds revenues at \$380,000 less than the prior year's adopted budget and does not include any increase in water, sewer or stormwater rates. Expenditures are budgeted at \$1.32 million less than the prior year's adopted budget due primarily to the decrease in transfers related to utility replacements and inflow and infiltration remediation.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 67,958,274	\$ 18,048,634	\$ 86,006,908
Receivables (net of allowance for uncollectibles)	9,443,573	3,849,631	13,293,204
Inventories	4,797,276		4,797,276
Deposits	35,000		35,000
Prepaid items	61,266	12,010	73,276
Equity interest in joint venture	1,352,161	5,163,288	6,515,449
Nondepreciable	54,547,187	4,668,039	59,215,226
Depreciable, net of accumulated depreciation	129,895,234	50,343,581	180,238,815
Total assets	<u>268,089,971</u>	<u>82,085,183</u>	<u>350,175,154</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	4,330,440	217,641	4,548,081
Deferred outflows from OPEB	666,730	65,942	732,672
Deferred outflows on refunding	59,969		59,969
Total deferred outflows	<u>5,057,139</u>	<u>283,583</u>	<u>5,340,722</u>
LIABILITIES			
Accounts payable and other accrued liabilities	6,229,116	1,381,490	7,610,606
Retainage payable	145,061	84,359	229,420
Accrued interest payable	360,262		360,262
Deposits payable	786,986	711,081	1,498,067
Internal balances	460,426	(460,426)	
Unearned revenue	6,118,376		6,118,376
Noncurrent liabilities			
Due within one year	6,384,581	43,673	6,428,254
Due in more than one year	87,838,331	1,684,951	89,523,282
Total liabilities	<u>108,323,139</u>	<u>3,445,128</u>	<u>111,768,267</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	7,749,323	387,498	8,136,821
Deferred inflows from other post employment benefits	234,007	23,144	257,151
Deferred inflows on refunding	54,937		54,937
Total deferred inflows of resources	<u>8,038,267</u>	<u>410,642</u>	<u>8,448,909</u>
Net Position			
Net investment in capital assets	148,809,910	54,928,229	203,738,139
Restricted for:			
Construction of capital assets	5,884,171		5,884,171
Promotion of tourism	2,054,920		2,054,920
Purpose of grantors/trustees	704,312		704,312
Debt service	3,976,972		3,976,972
Law enforcement	882,933		882,933
Fire training	12,267		12,267
Unrestricted (deficit)	<u>(5,539,781)</u>	<u>23,584,767</u>	<u>18,044,986</u>
Total net position	<u>\$ 156,785,704</u>	<u>\$ 78,512,996</u>	<u>\$ 235,298,700</u>

The accompanying notes are an integral part of the financial statements.

CITY OF FARMERS BRANCH, TEXAS

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities				
General government	\$ 17,255,980	\$ 3,991,691	\$ 1,019,467	\$ 9,013
Public safety	26,422,950	4,152,796	524,655	
Public works	14,984,662	7,065,519	8,199	4,155,788
Culture and recreation	13,626,946	1,499,854	12,936	
Interest on long-term debt	1,527,200			
Unallocated depreciation	145,929			
Total governmental activities	<u>73,963,667</u>	<u>16,709,860</u>	<u>1,565,257</u>	<u>4,164,801</u>
Business-type activities				
Water and sewer	17,324,414	27,323,107		592,797
Stormwater utility	<u>1,009,125</u>	<u>1,731,045</u>		
Total business-type activities	<u>18,333,539</u>	<u>29,054,152</u>		<u>592,797</u>
Total primary government	<u>\$ 92,297,206</u>	<u>\$ 45,764,012</u>	<u>\$ 1,565,257</u>	<u>\$ 4,757,598</u>
General revenues and transfers				
Taxes:				
Property taxes - general purpose				
Property taxes - debt service				
Sales and use taxes				
Hotel motel taxes				
Franchise taxes				
Tax increment financing				
Investment income				
Gain on disposal of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (12,235,809)	\$	\$ (12,235,809)
(21,745,499)		(21,745,499)
(3,755,156)		(3,755,156)
(12,114,156)		(12,114,156)
(1,527,200)		(1,527,200)
(145,929)		(145,929)
(51,523,749)		(51,523,749)
	10,591,490	10,591,490
	721,920	721,920
	11,313,410	11,313,410
\$ (51,523,749)	\$ 11,313,410	\$ (40,210,339)
34,131,625		34,131,625
4,973,900		4,973,900
18,737,374		18,737,374
1,683,018		1,683,018
3,885,156		3,885,156
1,557,120		1,557,120
1,031,746	7,656	1,039,402
18,126	6,521	24,647
23,458		23,458
3,899,519	(3,899,519)	
69,941,042	(3,885,342)	66,055,700
18,417,293	7,428,068	25,845,361
138,368,411	71,084,928	209,453,339
\$ 156,785,704	\$ 78,512,996	\$ 235,298,700

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, cash equivalents, and investments	\$ 25,453,922	\$ 5,907,303	\$ 31,397,242	\$ 62,758,467
Receivables (net of allowance for uncollectibles)	8,124,011	91,799	760,696	8,976,506
Accrued interest and other	94,910		95,872	190,782
Inventories	3,462,831		1,298,800	4,761,631
Prepaid items	55,016	688	688	56,392
Total assets	<u>\$ 37,190,690</u>	<u>\$ 5,999,790</u>	<u>\$ 33,553,298</u>	<u>\$ 76,743,778</u>
LIABILITIES				
Accounts payable	\$ 5,236,042	\$ 28,410	\$ 479,079	\$ 5,743,531
Retainage payable	8,895		136,166	145,061
Deposits payable	18,652		768,334	786,986
Unearned revenue	148,000	5,966,438	3,938	6,118,376
Total liabilities	<u>5,411,589</u>	<u>5,994,848</u>	<u>1,387,517</u>	<u>12,793,954</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,752,764		133,699	1,886,463
Total deferred inflows of resources	<u>1,752,764</u>	<u></u>	<u>133,699</u>	<u>1,886,463</u>
FUND BALANCES				
Nonspendable				
Inventory	3,462,830		1,298,800	4,761,630
Prepaid items	55,016	688	688	56,392
Restricted				
Construction of capital assets			17,221,628	17,221,628
Landfill closure/postclosure			2,137,109	2,137,109
Promotion of tourism			2,054,232	2,054,232
Purpose of grantors, trustees and donors		4,254	700,058	704,312
Economic development			337,780	337,780
Debt service			3,976,972	3,976,972
Law enforcement			882,933	882,933
Fire training operations			12,267	12,267
Assigned				
Construction of capital assets			3,409,615	3,409,615
Other capital assets	2,395,200			2,395,200
Economic development	1,138,114			1,138,114
Other purposes	944,291			944,291
Unassigned	<u>22,030,886</u>	<u></u>	<u></u>	<u>22,030,886</u>
Total fund balances	<u>30,026,337</u>	<u>4,942</u>	<u>32,032,082</u>	<u>62,063,361</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 37,190,690</u>	<u>\$ 5,999,790</u>	<u>\$ 33,553,298</u>	<u>\$ 76,743,778</u>

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balances - governmental funds \$ 62,063,361

Amounts reported for governmental activities in the statement of net position (page 14) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds net of internal service fund capital assets of \$7,720,425). 176,721,998

Equity investment in joint venture is not a current financial resource. Therefore, it is not reported in the governmental funds. 1,352,161

Deferred outflows of resources are not reported in the governmental funds:

Deferred outflows on pension (net of internal service fund of \$122,870) 4,207,570

Deferred outflows on OPEB (net of internal service fund of \$36,632) 630,098

Deferred outflows on debt refunding 59,969 4,897,637

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 1,886,463

Internal service funds are used by management to charge the cost of certain activities, such as fleet management and workers' compensation and medical self-insurance programs, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position (less amount allocated to business-type activities of \$460,426). 10,347,772

Long-term liabilities, including bonds payable, (net of internal service fund) are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable (53,370,000)

Add: Issuance premium (to be amortized over life of debt) (2,917,366)

Accrued interest payable (360,262)

Compensated absences (net of internal service fund of \$99,108) (4,626,332)

Net Pension liability (net of internal service fund of \$602,123) (19,069,946)

OPEB liability (net of internal service fund of \$243,313) (4,185,007)

Landfill liability (8,148,946) (92,677,859)

Deferred inflows of resources are not reported in the governmental funds:

Deferred inflows from OPEB (net of internal service fund of \$12,860) (221,148)

Deferred inflows on pension (net of internal service fund of \$219,579) (7,529,744)

Deferred inflows on debt refinancing (54,937) (7,805,829)

Net position of governmental activities \$ 156,785,704

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	General	Grants	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 34,131,063	\$	\$ 4,972,616	\$ 39,103,679
Sales and use taxes	18,737,374			18,737,374
Hotel/motel taxes			1,683,018	1,683,018
Franchise taxes	3,824,839		52,198	3,877,037
Tax increment financing			1,557,120	1,557,120
Licenses and permits	3,810,089			3,810,089
Charges for services	8,416,478		1,544,911	9,961,389
Fines and forfeitures	1,447,925		283,869	1,731,794
Investment income	272,084		759,712	1,031,796
Intergovernmental		1,448,397	818,533	2,266,930
Developer contributions			1,193,881	1,193,881
Miscellaneous	36,370		119,953	156,323
Special assessments			166	166
Total revenues	70,676,222	1,448,397	12,985,977	85,110,596
EXPENDITURES				
Current				
General government	14,509,967	1,056,046	2,042,726	17,608,739
Public safety	27,236,275	1,041,626	334,076	28,611,977
Public works	10,067,222		1,225,124	11,292,346
Culture and recreation	14,063,704		1,434,077	15,497,781
Debt service				
Principal retirement			4,300,000	4,300,000
Interest and fiscal agent charges			2,039,374	2,039,374
Capital outlay			8,186,898	8,186,898
Total expenditures	65,877,168	2,097,672	19,562,275	87,537,115
Excess (Deficiency) of revenues over (under) expenditures	4,799,054	(649,275)	(6,576,298)	(2,426,519)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,013,400		3,012,000	8,025,400
Transfers out	(3,620,881)		(425,000)	(4,045,881)
Sale of general capital assets	234,596			234,596
Insurance recoveries	23,458			23,458
Total other financing sources (uses)	1,650,573		2,587,000	4,237,573
Net change in fund balances	6,449,627	(649,275)	(3,989,298)	1,811,054
Fund balances - beginning	23,576,710	654,217	36,021,380	60,252,307
Fund balances - ending	\$ 30,026,337	\$ 4,942	\$ 32,032,082	\$ 62,063,361

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds	\$	1,811,054
Amounts reported for governmental activities in the statement of activities (page 16) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		5,315,624
The net effect of the various miscellaneous transactions involving capital assets (i.e., sales, transfers and donations) is to increase net position.		2,940,873
The change in equity interest in joint venture increases net position.		218,601
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase/(decrease) during the current year in unavailable revenue that is earned but not collected.		29,964
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		4,666,245
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds.		
Decrease in compensated absences	447,724	
Increase in landfill liability	(889,650)	(441,926)
Changes to net pension and OPEB liabilities and related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		3,161,872
Internal service funds are used by management to charge the costs of fleet management, workers' compensation, and health claims, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (net of (\$28,264) allocated to business-type activities).		714,986
Change in net position of governmental activities	\$	<u>18,417,293</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL
 FUND BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 32,630,000	\$ 33,360,000	\$ 34,131,063	\$ 771,063
Sales and use taxes	16,410,000	17,657,000	18,737,374	1,080,374
Franchise taxes	4,200,000	3,817,100	3,824,839	7,739
Licenses and permits	2,863,000	3,551,600	3,810,089	258,489
Charges for services	7,169,000	7,073,200	8,416,478	1,343,278
Fines and forfeitures	1,823,000	1,372,100	1,447,925	75,825
Investment income	920,000	475,900	272,084	(203,816)
Miscellaneous	45,500	29,800	36,370	6,570
Total revenues	66,060,500	67,336,700	70,676,222	3,339,522
EXPENDITURES				
General government				
General government	5,032,100	5,436,373	3,989,752	1,446,621
City administration	1,149,600	1,129,671	1,154,817	(25,146)
Communications	846,700	847,700	786,065	61,635
Economic development	2,816,800	2,266,500	1,534,766	731,734
Human resources	1,154,300	1,150,300	965,841	184,459
Finance	1,596,800	1,636,700	1,594,813	41,887
Innovation & technology	3,082,000	3,113,000	2,919,612	193,388
Community services	1,806,400	1,819,000	1,564,301	254,699
Public safety				
Police	15,409,900	14,483,109	14,035,037	448,072
Fire	13,564,800	13,390,972	13,201,238	189,734
Public works				
Public works	5,239,900	5,250,100	5,121,565	128,535
Sustainability & public health	5,013,700	5,312,660	4,945,657	367,003
Culture and recreation				
Parks and recreation	11,029,900	10,209,408	9,756,163	453,245
Library	4,902,800	4,416,900	4,307,541	109,359
Total expenditures	72,645,700	70,462,393	65,877,168	4,585,225
Excess (deficiency) of revenues over (under) expenditures	(6,585,200)	(3,125,693)	4,799,054	7,924,747
OTHER FINANCING SOURCES (USES)				
Transfers in	5,013,400	5,013,400	5,013,400	
Transfers out	(3,199,800)	(3,290,200)	(3,620,881)	(330,681)
Sale of general capital assets	2,100,000	234,600	234,596	(4)
Insurance recoveries		25,700	23,458	(2,242)
Total other financing sources (uses)	3,913,600	1,983,500	1,650,573	(332,927)
Net change in fund balance	(2,671,600)	(1,142,193)	6,449,627	7,591,820
Fund balances- beginning	23,576,710	23,576,710	23,576,710	
Fund balances - ending	\$ 20,905,110	\$ 22,434,517	\$ 30,026,337	\$ 7,591,820

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GRANTS FUND
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 405,000	\$ 1,460,953	\$ 1,448,397	\$ (12,556)
Total revenues	405,000	1,460,953	1,448,397	(12,556)
EXPENDITURES				
General government		373,177	1,056,046	(682,869)
Public safety	405,000	1,087,776	1,041,626	46,150
Total expenditures	405,000	1,460,953	2,097,672	(636,719)
Net change in fund balances			(649,275)	(649,275)
Fund balances - beginning	654,217	654,217	654,217	
Fund balances - ending	\$ 654,217	\$ 654,217	\$ 4,942	\$ (649,275)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2021

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
ASSETS				
Current assets				
Cash, cash equivalents, and investments	\$ 13,654,121	\$ 4,394,513	\$ 18,048,634	\$ 5,199,807
Receivables (net of allowance for uncollectibles)	3,662,210	132,633	3,794,843	276,286
Accrued interest and other	38,274	16,514	54,788	
Inventories				35,643
Prepaid items	12,010		12,010	4,875
Deposits				35,000
Total current assets	17,366,615	4,543,660	21,910,275	5,551,611
Noncurrent assets				
Equity interest in joint venture	5,163,288		5,163,288	
Nondepreciable	3,856,864	811,175	4,668,039	8,170
Depreciable, net of accumulated depreciation	49,718,157	625,424	50,343,581	7,712,255
Total noncurrent assets	58,738,309	1,436,599	60,174,908	7,720,425
Total assets	76,104,924	5,980,259	82,085,183	13,272,036
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	217,641		217,641	122,870
Deferred outflows from OPEB	65,942		65,942	36,632
Total deferred outflows of resources	283,583		283,583	159,502
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	1,163,921	217,569	1,381,490	485,586
Compensated absences current	43,673		43,673	28,784
Claims payable				773,579
Retainage payable	84,359		84,359	
Deposits payable	711,081		711,081	
Total current liabilities	2,003,034	217,569	2,220,603	1,287,949
Noncurrent liabilities				
Compensated absences long term	193,098		193,098	70,324
Claims payable long term				187,192
Net pension liability	1,053,887		1,053,887	602,123
Total OPEB liability	437,966		437,966	243,313
Total noncurrent liabilities	1,684,951		1,684,951	1,102,952
Total liabilities	3,687,985	217,569	3,905,554	2,390,901
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	387,498		387,498	219,579
Deferred inflows from OPEB	23,144		23,144	12,860
Total deferred inflows of resources	410,642		410,642	232,439
NET POSITION				
Net investment in capital assets	53,575,021	1,436,599	55,011,620	7,720,425
Unrestricted	18,714,859	4,326,091	23,040,950	3,087,773
Total net position	\$ 72,289,880	\$ 5,762,690	\$ 78,052,570	\$ 10,808,198
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time			460,426	
Net position of business-type activities			\$ 78,512,996	

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Water and Sewer	Business-Type Activities Stormwater Utility	Total	Governmental Activities Internal Service Funds
Operating revenues				
Charges for services	\$ 27,321,970	\$ 1,731,045	\$ 29,053,015	\$ 5,359,261
Contributions and miscellaneous	7,658		7,658	4,791,606
Total operating revenues	27,329,628	1,731,045	29,060,673	10,150,867
Operating expenses				
Personal services	1,932,363		1,932,363	891,755
Materials and supplies	265,954		265,954	1,795,239
Maintenance and utilities	1,443,145	987,192	2,430,337	2,254,293
Purchase of water	5,658,171		5,658,171	
Sewage treatment	4,782,110		4,782,110	
Insurance claims and expenses				4,526,947
Depreciation	2,803,726	21,933	2,825,659	273,404
Total operating expenses	16,885,469	1,009,125	17,894,594	9,741,638
Operating income	10,444,159	721,920	11,166,079	409,229
Nonoperating revenues (expenses)				
Investment income	(15,076)	22,732	7,656	
Total nonoperating revenues	(15,076)	22,732	7,656	
Income before contributions and transfers	10,429,083	744,652	11,173,735	409,229
Capital contributions	579,847	12,950	592,797	3,340
Transfers in		415,200	415,200	330,681
Transfers out	(4,725,400)		(4,725,400)	
Change in net position	6,283,530	1,172,802	7,456,332	743,250
Net position - beginning	66,006,350	4,589,888	70,596,238	10,064,948
Net position - ending	\$ 72,289,880	\$ 5,762,690	\$ 78,052,570	\$ 10,808,198
Reconciliation to government-wide statement of net position:				
Change in net position			7,456,332	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds			(28,264)	
Change in net position of business-type activities			\$ 7,428,068	

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 27,324,305	\$ 1,737,408	\$ 29,061,713	\$
Receipts from interfund services provided				9,882,777
Payments to suppliers	(11,239,652)	(1,139,722)	(12,379,374)	(3,882,914)
Payments to employees	(2,058,384)		(2,058,384)	(1,002,401)
Payments for loss claims				(4,228,626)
Payments for interfund services	(484,386)		(484,386)	
Net cash provided by operating activities	<u>13,541,883</u>	<u>597,686</u>	<u>14,139,569</u>	<u>768,836</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in from other funds	7,653,000	4,800,000	12,453,000	330,681
Transfers to other funds	(12,378,400)	(4,384,800)	(16,763,200)	
Net cash provided by (used for) noncapital financing activities	<u>(4,725,400)</u>	<u>415,200</u>	<u>(4,310,200)</u>	<u>330,681</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(3,807,167)	(927,184)	(4,734,351)	(10,231)
Net cash used for capital assets and related financing activities	<u>(3,807,167)</u>	<u>(927,184)</u>	<u>(4,734,351)</u>	<u>(10,231)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	(4,719,923)	(587,393)	(5,307,316)	
Investment income	31,729	13,704	45,433	
Net cash used for investing activities	<u>(4,688,194)</u>	<u>(573,689)</u>	<u>(5,261,883)</u>	
Net increase (decrease) in cash and cash equivalents	321,122	(487,987)	(166,865)	1,089,286
Cash and cash equivalents - beginning of year	<u>3,407,842</u>	<u>1,688,136</u>	<u>5,095,978</u>	<u>4,110,521</u>
Cash and cash equivalents - end of year	<u>\$ 3,728,964</u>	<u>\$ 1,200,149</u>	<u>\$ 4,929,113</u>	<u>\$ 5,199,807</u>
Cash and cash equivalents - end of year	\$ 3,728,964	\$ 1,200,149	\$ 4,929,113	\$ 5,199,807
Investments	9,925,157	3,194,364	13,119,521	
Cash, cash equivalents, and investments - end of year	<u>\$ 13,654,121</u>	<u>\$ 4,394,513</u>	<u>\$ 18,048,634</u>	<u>\$ 5,199,807</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributed capital assets	\$	\$		\$
Capital contributions	579,844	12,950	592,794	3,340
Loss on the joint venture	(67,760)		(67,760)	
	<u>\$ 512,084</u>	<u>\$ 12,950</u>	<u>\$ 525,034</u>	<u>\$ 3,340</u>

The accompanying notes are an integral part of the financial statements.

(continued)

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 10,444,159	\$ 721,920	\$ 11,166,079	\$ 409,229
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,803,726	21,933	2,825,659	273,404
(Increase) decrease in receivables	(117,802)	6,363	(111,439)	(257,616)
Increase in inventory of materials and supplies				(12,930)
Decrease in prepaid items	63		63	375
Increase in deferred outflows of resources	(5,151)		(5,151)	
Increase in deferred inflows	37,061		37,061	21,107
Increase (decrease) in accounts payable	457,861	(105,247)	352,614	8,381
Increase in accrued liabilities				147,767
Increase (decrease) in retainage payable	56,475	(47,283)	9,192	
Increase in claims payable				329,728
Increase in deposits payable	112,479		112,479	
Decrease in net pension liability	(219,717)		(219,717)	(124,629)
Decrease in total OPEB liability	(33,657)		(33,657)	(18,698)
Increase (decrease) in accrued compensated absences	6,386		6,386	(7,282)
Net cash provided by operating activities	<u>\$ 13,541,883</u>	<u>\$ 597,686</u>	<u>\$ 14,139,569</u>	<u>\$ 768,836</u>

The accompanying notes are an integral part of the financial statements.

(concluded)

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Farmers Branch, Texas (the "City") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and a five-member council. The City was incorporated in 1946 under the Constitution of the State of Texas (Home Rule Amendment). As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered financially accountable. A component unit is included in the City's reporting entity if it is both fiscally dependent on the City (the primary government) and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government. The City's blended component units and joint ventures, which all have a September 30 year-end, are as follows:

Blended Component Units

The Tax Increment Finance District Number One ("TIF No. 1"), Tax Increment Finance District Number Two ("TIF No. 2"), and Tax Increment Reinvestment Zone Number Three ("TIRZ No. 3") were created pursuant to the Texas Tax Increment Financing Act, Tax Code Chapter 311, as amended. The purpose of the TIF No. 1, which expired in December 2019, was to promote development in the Mercer Crossing area. The purpose of the TIF No. 2 is to promote development in the Old Farmers Branch area. The purpose of the TIRZ No. 3 is to dedicate certain tax increment revenues to the Mercer Crossing Development and apply these revenues to reduce the public improvement district assessments. Management of the primary government has operational responsibility for all three of these tax increment financing districts. TIF No. 2 is reported as a capital projects fund and is included as a blended component unit because it provides a financing mechanism to build streets and other infrastructure. The TIRZ No. 3 is reported as a special revenue fund because the revenues are restricted to reduce the public improvement district assessments and the fund is included as a blended component unit.

The Farmers Branch Local Government Corporation ("FBLGC") was organized on behalf of the City to accomplish any governmental purpose of the City and to promote the common good and general welfare of the City. This includes the furtherance of the promotion, development, encouragement, and maintenance of employment, commerce, economic development and public facility development in the City, and currently to develop oil, natural gas and other mineral interests on behalf of the City. Management of the primary government has operational responsibility for the FBLGC. The FBLGC is authorized to issue bonds, notes or other obligations after approval by the City Council. The FBLGC has been included as a blended component unit because it is organized as a not-for-profit corporation in which the City of Farmers Branch is the sole corporate member. The FBLGC is fiscally dependent (the City must approve any issuance of debt) and the purpose of the corporation is to provide a benefit to the City.

Joint Ventures

The North Texas Emergency Communications Center, Inc. (NTECC) is a joint venture between the Town of Addison, City of Carrollton, City of Coppell, and City of Farmers Branch (the "Cities") formed to establish and operate a joint public safety dispatch center. The affairs of the NTECC are managed by a four-person board of directors representing each of the four participating Cities.

The Cities are responsible for funding capital and operating costs of the NTECC in the proportions stated in the inter-local agreement. The City financed its portion of construction funds through the issuance and sale of certificates of obligation. The City of Farmers Branch's equity interest in the NTECC is \$1,352,161 at September 30, 2021 and is reported as equity interest in joint venture in the governmental activities on the government-wide Statement of Net Position. Audited financial statements for the NTECC can be obtained from the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

Additionally, the Cities have also entered into inter-local agreements to jointly procure a public safety radio system and a fire training facility. These agreements did not include the formation of a separate legal joint venture entity. The City has financed its portion of construction funds through the issuance and sale of general obligation bonds. The Cities are responsible for funding a portion of the radio system and fire training facility in the proportions stated in the inter-local agreements. The City of Farmers Branch's portion of the radio system is capitalized as infrastructure and equipment and the portion of the fire training facility is capitalized as buildings in the governmental activities on the government-wide Statement of Net Position.

The North Dallas County Water Supply Corporation ("NDCWSC") is a joint venture between the City and the Town of Addison (the "Town") to design, construct, operate, and maintain a joint sanitary sewer interceptor and conventional sewer lines. The NDCWSC, a public instrumentality and nonprofit water supply corporation, was created for that purpose. Upon dissolution of the NDCWSC, the City and Town will share the net position in the proportions stated in an inter-local agreement. The affairs of the NDCWSC are managed by a six-person board of directors appointed by the governing bodies of the City and the Town.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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The City and the Town are each obligated to fund construction of the sanitary sewer interceptor in the proportions stated in the inter-local agreement. The City financed its portion of construction funds through the issuance and sale of assessment revenue bonds and a transfer from previously issued sewer bonds and none of the bonds are still outstanding. The City's net investment and its share of the operating results of the NDCWSC are reported in the City's water and sewer fund. The City's equity interest in the NDCWSC was \$5,163,288 at September 30, 2021. Complete financial statements for the NDCWSC can be obtained from the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

B. Basis of Presentation

While separate government-wide financial statements (based on the City as a whole) and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

The fund financial statements provide information about the City's funds, including its blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The *grants fund* is used to account for all grant revenue and expenditures.

The City reports the following major proprietary funds:

The *water and sewer fund* is used to account for water and sewer service operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The *stormwater utility fund* is used to account for the City's drainage management program.

The City reports the following internal service funds:

The *internal service funds* are used to account for facilities and fleet management services and the City's workers' compensation and medical self-insurance programs for the departments of the City on a cost reimbursement basis.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. Exceptions to this general rule are payments-in-lieu-of-taxes (PILOT) where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to pension, other postemployment benefits, compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. The issuance of long-term debt is reported as an other financing source.

Property, franchise, sales and hotel occupancy taxes, and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered measurable and available only when the government receives cash.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB for the OPEB Retiree Health Plan, OPEB expenses have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

D. Budgetary Information**1) Budgetary Basis of Accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, grants fund, special revenue funds, and debt service fund. The capital projects funds are appropriated on a project-length basis and often span a period of more than one year.

The appropriated budget is prepared by fund, department and function. The City Manager may transfer unencumbered appropriations within a department and between departments within the same fund. City Council approval is necessary for transfers of unencumbered appropriations between funds. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Special revenue funds are budgeted at the function level. Appropriations, except remaining project appropriations and encumbrances, lapse at the end of the fiscal year.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**1) Cash and Cash Equivalents**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2) Investments

Investments are recorded at fair value (based on quoted market prices), except for investments with maturity of one year or less from date of purchase and investments in TexPool, which are stated at amortized cost.

3) Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

4) Inventories and Prepaid Items

Inventories are stated at cost for the internal service funds and at the lower of cost or market value (assessed taxable value) for the inventory of land held for resale in the general fund and nonmajor governmental funds. Inventories are recorded as assets when purchased and charged to operations when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5) Capital Assets

Capital assets include land, buildings, equipment, improvements, infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., software, websites). Capital assets purchased, acquired or developed, are carried at historical cost or estimated historical cost if historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are recorded at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The City defines capital assets as having a useful life longer than one year and an initial, individual cost that exceeds the capitalization threshold for their class. The capitalization threshold for the infrastructure class is \$100,000. The capitalization threshold for all other asset classes is \$5,000. Other costs incurred for repairs and maintenance are expensed. Insurance recoveries of \$23,458 were received for the year ended September 30, 2021. They are included as an "other financing source" in the governmental funds.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated on the straight-line basis over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>	
Buildings	30 - 50	years
Equipment	5 - 30	years
Improvements	20	years
Intangible assets-software/websites	5	years
Infrastructure	15 - 63	years

6) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as outflows of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The deferred outflows of resources are reported in the government-wide and proprietary funds statements of net position. The first item is the deferred outflows of resources from pension. For purposes of measuring the net pension liability, deferred outflows of resources related to pension have been determined on the same basis as they are reported by TMRS. The second item is the deferred outflows of resources from OPEB. The third item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources from pensions, OPEB and deferred gain on refunding.

Finally, the City has one item that arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from the following sources:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 832,583	\$ 126,196	\$ 958,779
Ambulance	287,156		287,156
Franchise taxes - electric	632,840		632,840
Charges for services - culture and recreation	185		185
Special assessments		7,503	7,503
Total	<u>\$ 1,752,764</u>	<u>\$ 133,699</u>	<u>\$ 1,886,463</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

7) Unearned Revenue

The current financial statements reflect certain financial impacts of the COVID-19 pandemic. While the City has been fortunate to not have a sizable presence in many of the industries most affected including retail, travel, and conventions, there have been impacts. In 2020, the City received over \$2,600,000 in a Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) funding grant. These CSLFRF funds were fully expended during the 2020 and 2021 fiscal years. The City also received funding during the 2021 fiscal year through the federal American Rescue Plan Act. At September 30, 2021, none of the ARPA funding, totaling \$5,966,438, had been expended and is recorded as an unearned revenue liability in the City's fund financial statements, since all of the proceeds received were not utilized by the end of the current fiscal year. It is now evident that fiscal year 2022 will also have significant impacts and the City is continuing to monitor closely and will adjust the budget as needed.

8) Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

The net investment in capital assets for governmental activities is reported net of related debt in the amount of \$35,632,511, which represents bonds issued and outstanding related to capital activity and account and retainage payables for capital asset activity. The net investment in capital assets for the business-type activities is reported in the amount of \$83,391, which represents account and retainage payables for capital asset activity.

The governmental activities unrestricted net position is a deficit of \$(5,539,781) at September 30, 2021. The City actively manages its net position and has planned for the reduction and/or elimination of its unrestricted deficit net position in the following ways:

- 1) Options to reduce and eventually to eliminate the total OPEB liability of \$4,866,286 (\$4,428,320 allocated to governmental activities) have been implemented. This includes health insurance coverage options for retirees with no implicit subsidy for the City, capping existing contributions, and terminating the City contribution for employees hired after December 31, 2006.
- 2) The net pension liability is \$20,725,851 (\$19,672,069 allocated to governmental activities) and the City plans to reduce this liability in the future by making extra contributions as resources are available.

9) Fund Balance Policies and Flow Assumptions

Governmental fund balances classified as nonspendable are balances that cannot be spent because they are either not in a spendable form or are legally and/or contractually required to stay intact. Fund balances classified as restricted are balances constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution, which are considered equally restrictive for the purpose of committing fund balance. The City Council must take the same level of action to remove or change the constraint. Assigned fund balances are constrained by intent to use for a specific purpose, but are neither restricted nor committed. Assignments are made by City management based on Council direction.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

In the general fund, the City strives to maintain a target range of unassigned fund balance to be used for unanticipated emergencies with a low end of 15% and a high end of 20% of the actual GAAP basis expenditures and other financing sources and uses.

A. Revenues and Expenditures/Expenses

1) Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

2) Property Taxes

The City's property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

3) Compensated Absences

The City's employees earn vacation leave (up to a maximum of 192 hours per year for 40 hours per week employees and 288 hours per year for 56 hours per week employees) based on years employed. Upon retirement or termination, payment of accumulated vacation may not exceed that which can be accumulated within two years for employees hired prior to January 1, 2011 and within one and a half years for employees hired on or after January 1, 2011. Unused sick leave, based on days employed, may be accumulated up to certain limits. Upon retirement or termination, employees hired before October 1, 1992 will be paid a maximum of 720 hours of sick pay for 40 hours per week employees or 1,080 hours for 56 hours per week employees. Upon retirement or termination, employees hired between October 1, 1992 and December 31, 2010 with five years or less of service will be paid a maximum of 120 hours of sick pay and with more than five years of service will be paid a maximum of 240 hours of sick pay for 40 hours per week employees or with five years or less of service will be paid a maximum of 180 hours of sick pay and with more than five years of service will be paid a maximum of 360 hours of sick pay for 56 hours per week employees. Employees hired on or after January 1, 2011 receive no payout for unused sick leave upon retirement or termination.

4) Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund and the government's internal service funds are charges to customers for sales and services. Operating expenses for water and sewer funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$176,721,998 difference are as follows:

Land and rights of way	\$ 39,403,292
Construction in progress	15,135,725
Improvements	12,814,977
Less: Accumulated depreciation-improvements	(9,246,525)
Buildings	70,411,611
Less: Accumulated depreciation-buildings	(21,787,203)
Equipment	36,089,585
Less: Accumulated depreciation-equipment	(25,334,689)
Infrastructure	141,475,259
Less: Accumulated depreciation-infrastructure	(82,872,152)
Intangible assets	2,804,262
Less: Accumulated depreciation-intangible assets	<u>(2,172,144)</u>
Net adjustment to increase fund balance - total government funds to arrive at net position -	<u><u>\$ 176,721,998</u></u>

Another element of that reconciliation explains that “internal service funds are used by management to charge the costs of certain activities, such as fleet management and workers’ compensation and medical self-insurance programs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.” The details of this \$10,347,772 (net of internal service fund activity) difference are as follows:

Net position of the internal service funds	\$ 10,808,198
Less: Internal receivable representing charges below cost to business-type activities - current year	<u>(460,426)</u>
Net adjustment to increase fund balance - total government funds to arrive at net position - governmental activities	<u><u>\$ 10,347,772</u></u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$92,677,859 difference are as follows:

Bonds payable	\$ 53,370,000
Add: Issuance premium (to be amortized over life of debt)	2,917,366
Accrued interest payable	360,262
Compensated absences	4,626,332
Net pension liability	19,069,946
Net OPEB liability	4,185,007
Landfill liability	<u>8,148,946</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 92,677,859</u></u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period." The details of this \$5,315,624 difference are as follows:

Capital outlay	\$ 13,286,270
Depreciation expense	<u>(7,970,646)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 5,315,624</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$4,666,245 difference are as follows:

Debt issued:	
General obligation refunding and improvement bonds issued	\$ 4,225
Premium on bonds issued	<u>362,020</u>
Total proceeds	<u>\$ 366,245</u>
Debt repayments	
To bondholders/debtors	\$ 4,300,000
Total debt repayments	<u>\$ 4,300,000</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,666,245</u>

Another element of that reconciliation states that "changes to net pension and OPEB liabilities and related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$3,161,872 difference are as follows:

Net pension liability	\$ 4,271,555
Difference in deferred outflows for pension	(986,945)
Differences in deferred outflows for OPEB	(92,921)
Differences in deferred inflows from pension	(276,073)
Differences in deferred inflows from OPEB	(75,361)
Net OPEB liability	<u>321,617</u>
Net adjustment to increase total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,161,872</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Another element of that reconciliation states that "internal service funds are used by management to charge the costs of fleet management, workers' compensation, and health claims, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this \$714,986 difference are as follows:

Change in net position of the internal service funds	\$ 743,250
Plus: charges to business-type activities	<u>(28,264)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 714,986</u>

C. Explanation of Certain Differences Between the Proprietary Fund Statement of Net Position and the Government-Wide Statement of Net Position

The proprietary fund statement of net position includes reconciliation between *net position – total enterprise funds* and *net position of business-type activities* as reported in the government-wide statement of net position. The description of the only item of that reconciliation is "adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time." The details of the \$460,426 difference are as follows:

Internal payable representing charges over cost to business-type activities - prior year	\$ 488,690
Internal payable representing charges over cost to business-type activities - current year	<u>(28,264)</u>
Net adjustment to increase net position - total enterprise funds to arrive at changes in net position of business-type activities	<u>\$ 460,426</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

3. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits with Financial Institutions

At year-end, the carrying amount of the City's deposits, which includes the Farmers Branch Local Government Corporation (FBLGC), was \$109,930 and the bank balance was \$1,165,316. The bank balance was completely covered by federal depository insurance or by collateral held by the City's agent in the City's name. At year-end, the carrying amount of the FBLGC, blended component unit's bank balance was \$40,683. The bank balance was completely covered by federal depository insurance.

B. Investments

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, such as TexPool, through which political subdivisions and other entities may invest public funds. TexPool uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool invests in a high-quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

To maximize investment opportunities, all funds (excluding the debt service fund and the internal service funds) participate in a pooling of cash and investment income. Each fund may liquidate its equity in the pool on demand.

State statutes, City bond ordinances, and City resolutions authorize the City's investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, direct obligations of Texas and its agencies and instrumentalities, obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating, insured or collateralized certificates of deposit, fully collateralized repurchase agreements, and government pools.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in active markets for identical securities. Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The City has no Level 3 inputs that are valued using significant unobservable inputs. As of September 30, 2021, the City had the following investments:

Investments by Fair Value Level	September 30, 2021	Fair Value - Level 1	Fair Value - Level 2	Weighted Average Maturity (in days)
Municipal Obligations	\$ 30,104,944	\$	\$ 30,104,944	253
US Treasury Bill	4,041,992		4,041,992	18
Federal Home Loan Bank Notes	7,541,981		7,541,981	25
Total Investments by Fair Value Level	41,688,917		41,688,917	
Investments Measured at Amortized Cost				
Certificates of Deposit	14,000,000			45
TexPool	30,208,061			35
Total investments at Amortized Cost	44,208,061			
Total Investments at Carrying Amount	\$ 85,896,978			
Portfolio Weighted Average Maturity				201

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to eighteen months (548 days).

Credit Risk. The City's investment policy is to apply the "prudent investor" standard: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The City's investments were rated as follows:

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**Credit Quality Distribution for Securities
with Credit Exposure as a Percentage of Total Investments**

Municipal Obligations	Aa/AA	22%
Municipal Obligations	Aaa/AAA	13%
Federal Home Loan Bank Notes	Aaa/AA	9%
Tex Pool	AAAm	35%
US Treasury Bills	AAA	5%

*Aaa/AAA is the highest credit quality issued by Moody 's Investor's Services,
and by Standard & Poor's, respectively .

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. However, the City's investment policy calls for portfolio diversification by avoiding over-concentration in a specific maturity sector or specific instruments. The City's portfolio is 35% invested in Municipal Obligations; 9% invested in Federal Home Loan Bank ; and 5% invested in US Treasury Bills as of September 30, 2021. The remaining 51% of the City's investments, which includes certificates of deposits, are invested in an external investment pool.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

C. Receivables (net of allowance for uncollectibles)

Receivables, as of year-end, for the City's individual major fund and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Grants	Nonmajor Governmental	Internal Service	Water and Sewer	Stormwater Utility	Total
Receivables:							
Property tax	\$ 778,874		\$ 26,990	\$	\$	\$	805,864
Other taxes	5,349,308		93,462				5,442,770
Accounts	4,104,865	91,799	632,741	276,286	1,168,240	71,586	6,345,517
Unbilled accounts					2,659,901	71,175	2,731,076
Assessments			21,021				21,021
Accrued interest	94,910		95,872		38,274	16,514	245,570
Gross receivables	10,327,957	91,799	870,086	276,286	3,866,415	159,275	15,591,818
Less: Allowance for uncollectibles	(2,109,036)		(13,518)		(165,931)	(10,128)	(2,298,613)
Net total receivables	\$ 8,218,921	\$ 91,799	\$ 856,568	\$ 276,286	\$ 3,700,484	\$ 149,147	\$ 13,293,205

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

D. Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Primary Government Additions/ Transfers	Retirements/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights of way	\$ 39,411,462	\$	\$	\$ 39,411,462
Construction in progress	11,433,342	8,186,897	(4,484,514)	15,135,725
Total capital assets, not being depreciated	50,844,804	8,186,897	(4,484,514)	54,547,187
Capital assets, being depreciated				
Improvements	14,578,822	191,885		14,770,707
Buildings	72,122,326	4,365,362		76,487,688
Equipment	34,263,435	3,993,166	(1,598,285)	36,658,316
Infrastructure	137,769,671	3,725,414	(19,826)	141,475,259
Intangible assets - software/websites	3,007,948	46,009		3,053,957
Total capital assets, being depreciated	261,742,202	12,321,836	(1,618,111)	272,445,927
Less accumulated depreciation for:				
Improvements	(8,853,621)	(500,135)	1,295	(9,352,461)
Buildings	(20,665,807)	(1,581,142)		(22,246,949)
Equipment	(24,244,600)	(2,947,101)	1,534,409	(25,657,292)
Infrastructure	(79,972,078)	(2,959,480)	59,406	(82,872,152)
Intangible assets - software/websites	(2,141,866)	(279,973)		(2,421,839)
Total accumulated depreciation	(135,877,972)	(8,267,831)	1,595,110	(142,550,693)
Total capital assets, being depreciated, net	125,864,230	4,054,005	(23,001)	129,895,234
Governmental activities capital assets, net	\$ 176,709,034	\$ 12,240,902	\$ (4,507,515)	\$ 184,442,421
Business-type activities:				
Capital assets, not being depreciated:				
Land and rights of way	\$ 603,364	\$	\$	\$ 603,364
Construction in progress	145,024	4,632,008	(712,357)	4,064,675
Total capital assets, not being depreciated	748,388	4,632,008	(712,357)	4,668,039
Capital assets, being depreciated:				
Improvements	46,126			46,126
Buildings	14,686,764	6,559		14,693,323
Equipment	6,300,949	243,591	(23,504)	6,521,036
Infrastructure	100,205,484	1,184,413	(90,576)	101,299,321
Intangible assets - software/websites	844,482	40,695		885,177
Total capital assets, being depreciated	122,083,805	1,475,258	(114,080)	123,444,983
Less accumulated depreciation for:				
Improvements	(30,560)	(1,146)		(31,706)
Buildings	(8,311,388)	(270,948)		(8,582,336)
Equipment	(4,728,990)	(253,824)	23,504	(4,959,310)
Infrastructure	(57,082,842)	(2,138,977)	90,576	(59,131,243)
Intangible assets - software/websites	(236,043)	(160,764)		(396,807)
Total accumulated depreciation	(70,389,823)	(2,825,659)	114,080	(73,101,402)
Total capital assets, being depreciated, net	51,693,982	(1,350,401)		50,343,581
Business-type activities capital assets, net	\$ 52,442,370	\$ 3,281,607	\$ (712,357)	\$ 55,011,620

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

The preceding schedule includes internal service assets totaling \$7,720,425 in the governmental activities. Internal service fund depreciation expense is allocated to the primary government based on each function or program's usage of its services.

Depreciation expense (includes amortization expense of intangible assets) was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 895,385
Public safety	2,218,883
Public works, which includes the depreciation of general infrastructure assets	3,106,259
Culture and recreation	1,901,375
Unallocated	145,929
Total depreciation expense - governmental activities	<u>\$ 8,267,831</u>
Business-type activities:	
Water and sewer	\$ 2,803,726
Stormwater utility	21,933
Total depreciation expense business-type activities	<u>\$ 2,825,659</u>

Commitments and Contingent Liabilities

Encumbrances are commitments related to unperformed contracts for goods or services (i.e. purchase orders). At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year are as follows:

	<u>Encumbrances</u>
General fund for general purposes	\$ 944,037
General fund for capital assets	619,373
Water and sewer fund	535,010
Stormwater utility fund	167,618
Nonmajor funds	742,935
Total	<u>\$ 3,008,973</u>

The City has entered into several construction contracts during the fiscal year, which include street improvements, replacement of water mains, and the construction of municipal facilities. As of September 30, 2021, the City had outstanding construction contracts totaling \$7,558,881 that will be financed from operating funds.

	<u>Construction Commitments</u>
Water and sewer fund	\$ 3,166,948
Nonmajor capital projects funds	4,391,933
Total	<u>\$ 7,558,881</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

E. Interfund Receivables, Payables and Transfers

Government interfund transfers during the year ended September 30, 2021 were as follows:

TRANSFERS OUT	TRANSFERS IN				
	General Fund	Nonmajor Governmental Funds	Storm Water Utility Fund	Internal Service Fund	Total
General fund	\$	\$ 2,875,000	\$ 415,200	\$ 330,681	\$ 3,620,881
Nonmajor governmental funds	288,000	137,000			425,000
Water & sewer fund	4,725,400				4,725,400
Total	\$ 5,013,400	\$ 3,012,000	\$ 415,200	\$ 330,681	\$ 8,771,281

Eliminations

Interfund transfers are reported in the governmental and proprietary fund financial statements. In the entity-wide statements, interfund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

Purpose of Transfers

Transfers are used to (1) move unrestricted revenues to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due (3) for the water and sewer fund to the general fund for a payment-in-lieu-of-taxes, and (4) to move constructed capital assets to the Internal Service Fund at project completion.

F. Tax Abatements / Tax Increment Financing Zones / Public Improvement Districts

Tax Abatements – The City of Farmers Branch enters into tax abatement agreements with local residents and businesses under Chapter 380 of the Texas Local Government Code. Under this chapter, the City may provide incentives consisting of loans and grants of city funds, use of city personnel, facilities and services with or without charge, for the promotion of economic development.

The City has three categories of economic development agreements:

- Residential Demolition/Rebuild Incentive Program – This program provides property tax abatements to encourage redevelopment of existing housing stock in the City. The program may include a demolition incentive grant up to \$30,000 and annual incentive grants (between three and seven years) equal to the difference between the City property taxes assessed and paid for the new improvements (new residential structure excluding the land) for a given tax year and the City property taxes for the residential structure prior to demolition (excluding the land) for the tax year in which the structure was demolished (the “Base Year”). The amounts and number of years the incentive will be paid vary depending on the value of the residential structure and the program in place at the effective date of the agreement. Abatements are obtained through application prior to beginning the improvements and commence when the City issues a certificate of occupancy or certificate of completion for the new residence. The property owner commits to demolition of the existing residence and the construction of a new residence within 24 months of the effective date of the agreement. If construction is not completed as agreed, the City has the option to terminate the agreement and seek reimbursement of the demolition cost reimbursement incentive. No other commitments were made by the City as part of those agreements. For the fiscal year ended September 30, 2021, the City abated property taxes totaling \$188,694 for 42 properties under this program.
- Economic Development Agreements – The purpose of these agreements is for the promotion of the expansion of existing businesses within the City and the recruitment of new business enterprises to the City. These agreements include repayment provisions should the recipient fail to fully meet its commitments. The names of businesses receiving sales tax rebates are not disclosed, as they are made confidential by Texas Tax Code Section 151.027.
 - A ten-year agreement for a 50 percent property tax rebate and sixty quarterly sales tax grants of 50% of the sales tax paid for years 1 to 7 and 25% of the sales tax paid for years 8 to 15 to a security services company to relocate its headquarters and call center. The incentive period began July 2015. The company must maintain a minimum level of taxable sales and continuous occupancy of the premises during the terms of the agreement. The abatements amounted to \$393,265 during the fiscal year ended September 30, 2021.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

- A ten-year agreement for a tangible personal property tax reduction of 100 percent for years one and two, a 75 percent reduction for years three and four, a 50 percent reduction for years five through seven, and a 25 percent reduction for years eight through ten plus waiver of sewer charges over 75 million gallons for Qorvo Texas, LLC. The company must maintain a minimum taxable value of the tangible personal property of at least \$25,000,000 for years one to five and \$50,000,000 for years six to ten. The agreement was executed in August 2016. During the fiscal year ended September 30, 2021, Qorvo received the second annual installment of the tax abatement for \$134,608 and waiver of sewer charges over 75 million gallons of \$68,894.
- A ten-year agreement for a 50 percent tangible personal property tax reduction and 100 percent sales tax rebate for a local home furnishings warehouse/store to purchase and renovate 415,000 square feet of office and manufacturing/distribution space and to relocate company corporate headquarters, warehouse, distribution center, and retail outlet store to Farmers Branch. The company must maintain a minimum taxable value of the tangible personal property of at least \$2,000,000 as of January 1 of each calendar year during the agreement. The incentive period began April 2011. The abatements amounted to \$21,653 during the fiscal year ended September 30, 2021.
- An agreement to rebate 30% of tangible personal property tax for ten years for BSN Sports, LLC to maintain tangible personal property at the leased premises of at least \$18,000,000 as of January 1 of each calendar year. The agreement was executed in June 2017. The abatements amounted to \$12,358 for the fiscal year ended September 30, 2021.
- An agreement with TXI Operations, LP to provide a tax abatement for business personal property for a period of thirteen years conditioned on the construction firm leasing approximately 45,000 square feet of space in a building located in Farmers Branch and the company relocation and operation of its corporate headquarters to the leased premises, which it must continuously occupy and operate throughout the period of the agreement. The company must maintain taxable value of tangible personal property of at least \$1,500,000 on January 1 immediately following the commencement date. The tax abatement is 100 percent of business personal property taxes paid for years 1 to 3, 50 percent for years 4 to 7, and 25 percent for years 8 to 13. The incentive period began November 2013. The abatement amounted to \$2,206 for the fiscal year ended September 30, 2021.
- A ten-year agreement for semi-annual economic development grants equal to 50 percent of use taxes collected by the City to a home building company. The company must purchase building materials from Farmers Branch vendors to be eligible for the grants. The effective date of the agreement was January 2018. The abatement amounted to \$19,490 for the fiscal year ended September 30, 2021.
- Tax Increment Financing –The City has two active reinvestment zones (“TIF No. 2” and “TIRZ No. 3”) for the purpose of tax increment financing of infrastructure. In accordance with State law pertaining to tax increment reinvestment zones, the costs of public infrastructure improvements in the zone are repaid by the contribution of future tax revenues by each taxing unit that levies taxes against the property. The City contributed 100% of the incremental tax revenues associated with the growth of the tax base in TIF No. 2 to a special fund to pay costs of infrastructure in the zones. There are \$103,571,656 of infrastructure improvements in the TIF No. 2 project plan, including streets, water and sewer projects. TIF No. 2 was scheduled to expire December 31, 2020; however, the City extended its participation on November 17, 2020 from January 1, 2021 until December 31, 2031 at a participation rate of 25%.

For tax years 2017, 2018, and 2019, the City contributed 1% of the incremental tax revenues generated from the City’s ad valorem tax associated with the growth of the tax base in TIRZ No. 3 to a special revenue fund to reduce the public improvement district assessments within the zone. For years 2020 through and including 2052, the City will contribute 40% of the incremental tax revenue generated by the City’s ad valorem tax associated with the growth of the tax base in TIRZ No. 3 to a special revenue fund to reduce the public improvement district associated with the zone. There are \$280,193,260 of infrastructure improvements in the TIRZ No. 3 project plan and the TIRZ No. 3 increment for tax year 2020 is \$112,077,304. The TIRZ No. 3 is scheduled to terminate in tax year 2052.

The City Council, upon recommendation of the Council-appointed TIF Board for each district, can enter into economic grant agreements with developers to utilize TIF funds. Unlike contractual obligations, TIF grants are subject to availability of TIF funds, and any balance owed to a developer upon termination of the TIF district will no longer be considered an obligation of the City. The City made \$1,270,172 in property tax rebates from general TIF resources.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Public Improvement District – Under Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the City authorized the creation of the Mercer Crossing Public Improvement District (the “PID”) to impose annual assessments on property owners within the PID (the “Assessments”) to pay for certain public improvements (the “Public Improvements”). The PID is composed of approximately 397.6 acres that are being developed as a master-planned mixed-use development known as “Mercer Crossing”. The development is expected to include, among other things, single-family homes, active adult senior condominiums, two hotels, office, retail, commercial, and an amphitheater. Pursuant to a master development agreement and a reimbursement agreement (together, the “Agreements”), the City has agreed to reimburse the Developer for a portion of the costs of the Public Improvements within the PID in a total amount not to exceed \$43,247,845, plus accrued interest, from assessment revenues. Under the terms of the Agreements, the Assessments may be offset in each year by tax increment revenues generated with Tax Increment District Number One, which includes the PID property. The only obligation of the City under Agreements is the collection and enforcement of the Assessments and the payment of annual Assessment revenues to the Mercer Crossing developer pursuant to the terms of the Agreements. The City has not issued debt to fund its obligations under the Agreements.

G. Long-Term Liabilities

General Obligation Bonds – The City of Farmers Branch issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. Currently, the City has no outstanding general obligation bonds issued for business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the city. These bonds are generally issued as serial bonds with equal amounts of principal maturing each year with maturities that range from five to 20 years. The city is required to compute, at the time taxes are levied, the rate of tax required to provide a fund to pay interest and principal at maturity. The city is in compliance with this requirement.

Direct Placement Bonds – The City of Farmers Branch issues direct placement general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Direct placement general obligation bonds have been issued for governmental activities. The beginning balance of unmatured debt at October 1, 2020 was \$960,000. During the year these bonds were paid down by \$315,000 through principal amounts maturing resulting in a balance at September 30, 2021 of \$645,000.

Bonds payable at September 30, 2021 are comprised of the following individual issues:

Bonds Payable:	Sale Date	Original Borrowing	Interest Rates to Maturity (%)	Final Maturity	Outstanding Sept. 30, 2021
General Obligation Bonds - Public Offerings					
Certificates of obligation, taxable	2009	\$ 10,000,000	1.50 - 5.22	2024	\$ 2,555,000
General obligation refunding bonds, taxable	2011	7,054,057	0.44 - 4.00	2025	2,740,525
Certificates of obligation	2013	7,148,755	2.50 - 4.50	2032	4,798,747
Certificates of obligation	2014	2,042,906	2.00 - 5.00	2024	668,230
General obligation bonds	2014	14,691,338	2.00 - 5.00	2034	8,449,499
Certificates of obligation	2016	2,694,083	2.00 - 3.00	2036	2,119,328
Certificates of obligation	2018	11,180,013	3.00 - 5.00	2038	7,678,259
General obligation bonds	2018	14,212,298	3.25 - 4.00	2038	13,722,457
General obligation refunding bonds	2020	3,336,070	4.00	2030	2,996,140
General obligation bonds	2020	10,147,477	2.00 - 4.00	2039	9,914,181
Total General Obligation Bonds - Public Offerings		82,506,997			55,642,366
General Obligation Bonds - Direct Placement					
Certificates of obligation	2012	3,000,000	1.69	2023	645,000
Total General Obligation Bonds		\$ 85,506,997			\$ 56,287,366

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Legal Debt Margin – The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

Calculation of Legal Debt Margin – September 30, 2021

Adjusted Tax Base Valuation	\$ 6,251,427,904
Constitutional Limit	2.5% of assessed valuation
Maximum Constitutional Revenue Available	\$ 155,338,476
Tax Rate to Achieve Maximum Tax Revenue	\$2.5000 per \$100 of valuation
Adopted Tax Rate for Fiscal Year 2020-21	\$0.58900 per \$100 of valuation
Available Unused Constitutional Maximum Tax Rate	\$1.9005 per \$100 of valuation

Landfill Closure and Postclosure Costs – The City owns a sanitary landfill site located in the city of Lewisville, Texas. On October 1, 2008, the City renewed a previous ten-year contract with Allied Waste North America, Inc. ("Allied Waste") for the operation and management of the landfill. The current agreement continues until all permitted air space has been filled with waste material.

The landfill operates on a "cell" basis and state and federal laws require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The site capacity of 53.2 million cubic yards will be reached in approximately 32 years. The City recognizes a portion of the final closure and postclosure care liability in each operating period even though actual final payout will not occur until the landfill is completely closed.

The amount recognized as a liability is based on the landfill capacity used as of the balance sheet date. As of September 30, 2021, the City had incurred a liability of \$8,148,946, which represents the amount of costs estimated to date based on 39% of landfill capacity used to date. This amount includes a reduction of \$748,682 for closure related expenditures paid during fiscal year 2021. The remaining estimated liability for these costs is \$10,417,390, which will be recognized as the remaining capacity is used. Additionally, during the term of the agreement, the City is required to maintain a special revenue fund for future landfill closure and postclosure costs and has restricted the fund balance of \$2,137,109 for these costs. The estimated cost of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws, and other variables.

Changes in long-term liabilities - Changes in the City's long-term liabilities for the year ended September 30, 2021 are as follows:

	Balance at Beginning of Year	Increase	Decrease	Balance at End of Year	Due Within One Year	Due Within More Than One Year
<u>Governmental Activities</u>						
Bonds payable - public offerings						
General obligation bonds - public offerings	\$ 56,710,000	\$	\$ (3,985,000)	\$ 52,725,000	\$ 4,310,000	\$ 48,415,000
Unamortized amounts: For issuance premiums	3,279,386		(362,020)	2,917,366	353,487	2,563,879
Total bonds payable - public offerings	59,989,386		(4,347,020)	55,642,366	4,663,487	50,978,879
Bonds payable - direct placements						
General obligation bonds - direct placements	960,000		(315,000)	645,000	320,000	325,000
Total bonds payable	60,949,386		(4,662,020)	56,287,366	4,983,487	51,303,879
Compensated absences	5,180,551	3,676,823	(4,131,934)	4,725,440	627,515	4,097,925
Net pension liability	24,068,148	9,226,155	(13,622,234)	19,672,069		19,672,069
Total OPEB liability	4,768,635	264,563	(604,878)	4,428,320		4,428,320
Claims	631,043	3,901,143	(3,571,415)	960,771	773,579	187,192
Landfill closure and postclosure care costs	7,259,296	1,638,332	(748,682)	8,148,946		8,148,946
Governmental activities long-term debt	\$ 102,857,059	\$ 18,707,016	\$ (27,341,163)	\$ 94,222,912	\$ 6,384,581	\$ 87,838,331
<u>Business-type activities</u>						
Compensated absences	\$ 230,385	\$ 172,002	\$ (165,511)	\$ 236,876	\$ 43,673	\$ 193,203
Net pension liability	1,273,604	483,653	(703,475)	1,053,782		1,053,782
Total OPEB liability	471,623	26,165	(59,822)	437,966		437,966
Business-type activities long-term debt	\$ 1,975,612	\$ 681,820	\$ (928,808)	\$ 1,728,624	\$ 43,673	\$ 1,684,951
Total	\$ 104,832,671	\$ 19,388,836	\$ (28,269,971)	\$ 95,951,536	\$ 6,428,254	\$ 89,523,282

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year-end, internal service fund liabilities for claims payable of \$960,771, compensated absences of \$99,108, total OPEB liability of \$243,313, and net pension liability of \$602,123 are included in the above amounts. In addition, for the governmental activities, claims payable, compensated absences, total OPEB liability and net pension liability are generally liquidated by the general fund. The landfill closure and postclosure care costs will be liquidated from the landfill closure/postclosure fund.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

The debt service requirements at September 30, 2021 are as follows:

Governmental Activities:

Year Ended September 30	Bonds - Public Offerings		Bonds - Direct Placements			
	Principal	Interest	Principal	Interest	Total	
2022	\$ 4,663,487	\$ 1,776,613	\$ 320,000	\$ 8,647	\$ 6,768,747	
2023	4,817,596	1,574,473	325,000	3,204	6,720,273	
2024	3,806,156	1,410,121			5,216,277	
2025	3,498,343	1,280,891			4,779,234	
2026	3,609,883	1,157,219			4,767,102	
2027-2031	16,147,738	4,157,814			20,305,552	
2032-2036	14,023,999	1,638,018			15,662,017	
2037-2039	5,075,164	159,473			5,234,637	
Total	\$ 55,642,366	\$ 13,154,622	\$ 645,000	\$ 11,851	\$ 69,453,839	

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

H. Risk Management and Other Information

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and, injuries to employees. A Schedule of Insurance Policies in Force showing the type of coverage, deductible, and liability limit is shown in Table 18.

Workers' Compensation Insurance - The City has established the workers' compensation fund (an internal service fund) to account for workers' compensation uninsured risks of loss. Under this program, the workers' compensation fund provides coverage for up to a maximum of \$350,000 for each workers' compensation occurrence claim.

The costs associated with this self-insurance plan are funded by charges to the City's other funds. Liabilities include provisions for claims reported and claims incurred, but not reported. The provision for reported claims is computed by the City's third-party administrator based upon standard actuarial principles. The provision for claims incurred, but not yet reported, is estimated based on the City's experience and an actuarial study that was performed during fiscal year 2021. State law provides that the City is relieved of liability if notice of employee injury is not been received within 30 days of the date on which the injury occurs.

At September 30, 2021, the amount of workers' compensation liabilities was \$492,611. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for unpaid claims includes allocated loss adjustment expenses (ALAE), which are primarily legal expenses. Changes in the balance of claims liability during the past two years are as follows:

Fiscal Year	Beginning Fiscal Year Liability	Claims Incurred	Claims Payments	Changes in Estimates	Ending Fiscal Year Liability
2019-2020	\$ 353,989	\$ 120,850	\$(181,663)	\$(101,981)	\$ 191,195
2020-2021	\$ 191,195	\$ 209,323	\$(281,379)	\$ 373,472	\$ 492,611

At September 30, 2021, workers' compensation fund cash and investments of \$1,277,870 were held for funding future obligations. The City continues to carry commercial insurance for other risks of loss (except medical insurance as described in the following section). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Group Medical Insurance - The health claims fund (an internal service fund) was established to account for the provision of group medical insurance coverage for employees and their dependents. The City's medical insurance program is a "self-insured" plan funded by both the City and participating employees. The City makes a predetermined contribution to the plan each month for a portion of medical group insurance coverage. This is done on a bi-monthly basis for qualifying City employees and their dependents. Employees contribute through payroll deductions for the balance of their medical coverage.

The City's medical insurance program is made up of two contracts, a specific stop loss contract and an aggregate stop loss contract. The specific stop loss contract has a specific deductible of \$150,000 per individual and an \$80,000 aggregating specific corridor with an unlimited lifetime maximum benefit on eligible expenses. The aggregate stop loss contract has a minimum attachment point of \$4,804,528, which may increase based on enrollment. The aggregate contract will pay up to \$1,000,000 on total claims over the attachment point.

All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan and the City reimburses the insurance company for each claim paid. The insurance company charges the City a fee for this service.

At September 30, 2021, the amount of estimated claims payable was \$468,160. Changes in the reported liability since October 1, 2019 resulted from the following:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2019-2020	\$ 384,714	\$ 2,555,115	\$(2,499,981)	\$ 439,848
2020-2021	\$ 439,848	\$ 1,888,744	\$(1,860,432)	\$ 468,160

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims and for claims incurred but not reported is determined by an independent consultant.

Deferred Compensation Plan - The City offers all employees a deferred compensation plan through Empower Retirement in accordance with Internal Revenue Code Section 457. The 457 Plan provides employees an option to supplement their TMRS retirement benefits by making pre-tax contributions to their plan. The 457 Plan contribution maximums for 2021 are: \$19,500; \$26,000 for age 50 catch-up and \$39,000 for the regular catch-up provision. Employees may enroll in the plan and/or change their contribution amounts at any time. The City does not have any financial contribution obligations regarding this 457 Plan.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

1) Commitments and Contingencies

The City has several long-term agreements with significant commitments as follows:

- a. City of Dallas Water Purchase Agreement - The City purchases treated water from the City of Dallas under a 30-year contract negotiated in August 2010. The City makes payments to the City of Dallas at a rate of \$.3766 per 1,000 gallons plus \$278,529 per year for each million gallons per day rate of flow (maximum delivery rate). The City paid \$5,658,171 to the City of Dallas for the fiscal year ended September 30, 2021.
- b. Trinity River Authority (the "Authority") Sewage Disposal Agreement - On November 29, 1973, the City, along with other cities, entered into a 50-year contract with the Authority, whereby the Authority will provide and operate a regional wastewater treatment plant and wastewater conveyance facility constructed with the Authority's funds. At the conclusion of the 50 years (in 2023), the contract shall remain in effect until any remaining TRA bonds have been repaid in full. In return, the cities agreed to pay for such services based on a usage formula that will provide reimbursements for operations, maintenance, and debt service payments to the Authority. The cities are jointly and severally responsible for the above payments. Each city's proportionate share is determined annually according to its contributing flow to the system. The City paid \$4,782,110 to the Authority for the fiscal year ended September 30, 2021.

The City is involved in various legal actions in which claims of varying amounts are being asserted against the City. The City follows the practice of providing for these claims when a loss is probable and a loss becomes fixed or determinable in amount. In the opinion of City management, these actions will not result in a significant impact of the City's financial position.

The City participates in several federal grant programs that are governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, which may be disallowed by the grantor, cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. For the year ended September 30, 2021, grant expenditures did exceed the threshold for the single audit requirement; therefore, a single audit will be performed regarding the City's federal funding.

2) Postemployment Benefits Other Than Pensions (OPEB)

Plan Description - The City of Farmers Branch administers a single-employer defined benefit OPEB plan, the "Retiree Health Plan". The plan provides OPEB through the City's group health insurance plan, which covers both active and retired members (see funding policy below). Contributions are established through City policy as approved by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Retiree Health Plan does not issue a publicly available financial report.

The eligibility requirements are:

- Must be a current, full-time employee hired prior to January 1, 2007 and are not eligible for Medicare;
- Must have worked for the City for at least ten years, which do not need to be concurrent;
- Must meet the eligibility requirements of the Texas Municipal Retirement System (TMRS) and retire from the City; and,
- Must be on the City's health plan at the time of retirement, and for dependents to be carried on the health plan, they must be on the plan at that time.

Benefits Provided - The City contributes \$575 per month toward the cost of a health reimbursement account (HRA) administered through CONEXIS, plus an annual lump sum funding of \$500 to the HRA, and the full premium for life insurance coverage of \$12,000. The City's contribution for future health insurance premiums is capped at a maximum of \$575 per month. As an alternative, to the HRA, retirees may be provided an age-adjusted high deductible health insurance plan with no contribution from the City.

Plan members receiving benefits contribute the full group premium for dental or vision plans selected. They also pay the full premium for age-adjusted life insurance coverage if they choose coverage after they turn 65.

Retirees are required to enroll in Medicare, if they are eligible, at age 65. For those who are not eligible for Medicare, the City will pay the monthly premium for Medicare Part A for any retirees who reach age 65 and must provide documentation from Social Security on Medicare ineligibility.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Employees Covered by Benefit Terms – At the December 31, 2020 measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	74
Inactive, nonretired members	0
Active employees	124
Total	198

The City's retiree healthcare benefit is only provided to employees who were hired prior to January 1, 2007 and are not eligible for Medicare.

Total OPEB Liability

The City's total OPEB liability of \$4,866,286 was measured as of December 31, 2020, and was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including in the measurement, unless otherwise specified:

Actuarial Assumptions and Methods

Valuation Date: December 31, 2020

Methods and Assumptions:

Actuarial cost method	Individual Entry-Age Normal
Discount rate	2.00% as of December 31, 2020
Inflation	2.50%
Salary increases	3.50% to 11.50%, including inflation
Demographic assumption	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Health care cost trends	N/A. The City's subsidy is a fixed dollar contribution to a retiree health care account
Participation rates	Medical: 85% of retirees who are eligible for a subsidy; Life Insurance: 100% of eligible retirees

Other Information:

Notes The discount rate changed from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020. Additionally, the election rate assumption for medical coverage was decreased.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2019	\$ 5,240,258
Changes for the year:	
Service cost	120,599
Interest on the total OPEB liability	139,265
Difference between expected and actual experience of the total OPEB liability	(186,450)
Changes of assumptions	25,396
Benefit payments	(472,782)
Net changes	(373,972)
Balance at 12/31/2020	\$ 4,866,286

There were no changes in benefit terms during the year.

Changes of assumptions reflect a change in the discount rate from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020. The discount rate was based on the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

Sensitivity of the Total OPEB Liability to the Discount Rate Assumption – Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the City's total OPEB liability, calculated using a discount rate of 2.00%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 1.00%	Discount Rate 2.00%	1% Decrease 3.00%
Total OPEB Liability	\$ 5,124,744	\$ 4,866,286	\$ 4,616,222

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates Assumption – Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the City's total liability, calculated using the assumed trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are one percent lower or one percent higher:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 4,866,286	\$ 4,866,286	\$ 4,866,286

Note: The City's retiree medical benefit is a set dollar amount that is not impacted by future medical trends.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City of Farmers Branch recognized OPEB expense of \$289,305. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefits paid subsequent to the measurement date	\$ 358,450	\$
Changes in assumptions	354,946	49,036
Difference between expected and actual experience	19,276	208,115
Total	\$ 732,672	\$ 257,151

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

The amount of \$358,450 reported as deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30:		
2022	\$	29,441
2023		29,441
2024		37,325
2025		20,864
2026		
Total	\$	117,071

3) Defined Benefit Pension Plan

Plan Description

The City of Farmers Branch participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six- member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS. The City does not participate in the Social Security system.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, the City granted monetary credits for service rendered before the plan began (or prior service credits) of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest (3% annual), prior to establishment of the plan. Monetary credits for service since the plan began (or current service credits) are 200% of the employee's accumulated contributions. Beginning in 1996 the City granted, on an annually repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically computing the member's account balance by assuming that the current member deposit rate of 7% and City matching ratio of 2 to 1 has always been in effect. The computation also assumes that the member's salary has always been the member's average salary – using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, not the actual interest credited to member accounts in previous years, and increased by the 2 to 1 City match currently in effect. The resulting sum is then compared to the member's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the city-financed monetary credits with interest were used to purchase an annuity. Additionally, initiated in 1996, the City provides, on an annually repeating basis, increases for retirees equal to 70% of the change in the Consumer Price Index (CPI).

Members can retire at ages 60 and above with five or more years of service or with 25 years of service regardless of age. A member is vested after five years.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Employees covered by benefit terms:

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	359
Inactive employees entitled to but not yet receiving benefits	372
Active employees	402
Total	<u>1,133</u>

Contributions

The contribution rate for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Farmers Branch were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Farmers Branch were 19.14% and 19.22% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$5,910,143.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.55% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rate for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 278,332,006	\$ 252,990,254	\$ 25,341,752
Changes for the year:			
Service cost	5,240,367		5,240,367
Interest	18,476,451		18,476,451
Difference between expected and actual experience	(1,293,960)		(1,293,960)
Change in assumptions			
Contributions - employer		5,829,450	(5,829,450)
Contributions - employee		2,148,396	(2,148,396)
Net investment income		19,190,023	(19,190,023)
Benefit payments, including refunds of employee contributions	(14,453,989)	(14,453,989)	
Administrative expense		(124,261)	124,261
Other changes		(4,849)	4,849
Net changes	\$ 7,968,869	\$ 12,584,770	\$ (4,615,901)
Balance at 12/31/2020	\$ 286,300,875	\$ 265,575,024	\$ 20,725,851

Sensitivity of the net pension liability (asset) to changes in the discount rate:

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Single Rate 6.75%	1% Increase 7.75%
City's net pension liability (asset)	\$ 59,315,280	\$ 20,725,851	\$ (11,048,750)

Pension plan fiduciary net position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:

For the year ended September 30, 2021, the City recognized pension expense of \$2,222,562.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 4,084,380	
Differences between projected and actual investment earnings		\$ 7,212,564
Changes of actuarial assumptions	\$ 57,266	
Differences between expected and actual economic experience	\$ 406,435	\$ 924,257
Total	<u>\$ 4,548,081</u>	<u>\$ 8,136,821</u>

The amount of \$4,084,380 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ended:	
2021	\$ (2,751,843)
2022	7,771
2023	(4,506,414)
2024	(422,634)
Total	\$ (7,673,120)

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

4) Accounting Standards

The GASB has issued the following Statement(s) which were implemented during the current fiscal year as shown below:

GASB Statement No. 84 - *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for financial statements starting with the fiscal year that ends after December 31, 2020. All applicable provisions have been included in the City's financials statements as of September 30, 2021.

GASB Statement No. 90 - *Majority Equity Interests*. This Statement is an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for financial statements starting with the fiscal year that ends after December 31, 2020. All applicable provisions have been included in the City's financials statements as of September 30, 2021.

The GASB has issued the following Statements which will become effective in future years as shown below:

GASB Statement No. 87 - *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends after June 30, 2022. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense of the period. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends after December 31, 2021. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 91 - *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends after December 31, 2022. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 92 - *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends after June 30, 2022. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 93 - *Replacement of Interbank Offered Rates*. The primary objectives of this Statement are to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate ("IBOR"). The requirement in paragraph 11b will take effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 will take effect for financial statements starting with the fiscal year that ends after June 30, 2022. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends after June 30, 2023. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends after June 30, 2023. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement is to amend GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends after June 30, 2022. Management has not yet determined the impact of this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (will ultimately be displayed)
(UNAUDITED)

Measurement Year Actuarial Valuation Date	2014 12/31/2014	2015 12/31/2015	2016 12/31/2016	2017 12/31/2017	2018 12/31/2018	2019 12/31/2019	2020 12/31/2020
Total pension liability							
Service cost	\$ 4,007,557	\$ 4,261,691	\$ 4,616,826	\$ 4,806,867	\$ 4,866,475	\$ 5,127,310	\$ 5,240,367
Interest (on the total pension liability)	15,367,910	15,717,266	15,747,728	16,395,749	17,101,046	17,818,591	18,476,451
Difference between expected and actual experience	(3,914,413)	(698,312)	1,000,031	1,014,084	876,127	415,085	(1,293,960)
Change in assumptions		626,944				121,972	
Benefit payments, including refunds of employee contributions	(10,236,923)	(10,957,740)	(11,677,954)	(12,040,638)	(11,554,676)	(13,132,856)	(14,453,989)
Net change in total pension liability	5,224,131	8,949,849	9,686,631	10,176,062	11,288,972	10,350,102	7,968,869
Total pension liability - beginning	222,656,259	227,880,390	236,830,239	246,516,870	256,692,932	267,981,904	278,332,006
Total pension liability - ending (a)	\$ 227,880,390	\$ 236,830,239	\$ 246,516,870	\$ 256,692,932	\$ 267,981,904	\$ 278,332,006	\$ 286,300,875
Plan fiduciary net position							
Contributions - employer	\$ 4,951,824	\$ 4,939,690	\$ 4,776,281	\$ 5,118,344	\$ 5,312,253	\$ 5,553,843	\$ 5,829,450
Contributions - employee	1,779,313	1,843,704	1,920,471	1,964,277	2,000,313	2,102,588	2,148,396
Net investment income	11,387,339	305,177	13,701,366	29,283,799	(7,051,348)	34,618,034	19,190,023
Benefit payments, including refunds of employee contributions	(10,236,923)	(10,957,740)	(11,677,954)	(12,040,638)	(11,554,676)	(13,132,856)	(14,453,989)
Administrative expense	(118,899)	(185,890)	(154,760)	(151,785)	(136,330)	(195,719)	(124,261)
Other	(9,775)	(9,182)	(8,338)	(7,692)	(7,123)	(5,880)	(4,848)
Net change in plan fiduciary net position	7,752,879	(4,064,241)	8,557,066	24,166,305	(11,436,911)	28,940,010	12,584,771
Plan fiduciary net position - beginning	199,075,146	206,828,025	202,763,784	211,320,850	235,487,155	224,050,244	252,990,254
Plan fiduciary net position - ending (b)	\$ 206,828,025	\$ 202,763,784	\$ 211,320,850	\$ 235,487,155	\$ 224,050,244	\$ 252,990,254	\$ 265,575,025
Net pension liability - ending [(a) - (b)]	\$ 21,052,365	\$ 34,066,455	\$ 35,196,020	\$ 21,205,777	\$ 43,931,660	\$ 25,341,752	\$ 20,725,850
Plan fiduciary net position as a percentage of total pension liability	90.76%	85.62%	85.72%	91.74%	83.61%	90.90%	92.76%
Covered payroll	\$ 25,406,973	\$ 25,797,163	\$ 26,888,911	\$ 28,061,102	\$ 28,575,894	\$ 30,036,968	\$ 30,681,303
Net pension liability as a percentage of covered payroll	82.86%	132.06%	130.89%	75.57%	153.74%	84.37%	67.55%

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	(1) Actuarially determined contribution	(2) Contributions in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) - (1)	(4) Covered payroll	(5) Actuarially determined contributions as a percentage of covered payroll (1)/(4)	(6) Contributions as a percentage of covered payroll (2)/(4)
2012	\$4,730,179	\$4,730,179	0	\$24,713,567	19.14%	19.14%
2013	4,875,095	4,875,095	0	24,834,269	19.63%	19.63%
2014	4,919,572	4,919,572	0	25,143,279	19.57%	19.57%
2015	4,887,161	4,887,161	0	25,596,098	19.09%	19.09%
2016	4,859,534	4,859,534	0	26,799,133	18.13%	18.13%
2017	5,042,680	5,042,680	0	27,664,216	18.23%	18.23%
2018	5,235,027	5,235,027	0	28,294,655	18.50%	18.50%
2019	5,512,290	5,512,290	0	29,772,189	18.51%	18.51%
2020	5,596,912	5,596,912	0	29,695,237	18.85%	18.85%
2021	5,901,143	5,901,143	0	31,021,165	19.02%	19.02%

NOTES TO SCHEDULE OF CONTRIBUTIONS

VALUATION DATE:

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Closed Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year Smoothed Market, 12% Soft Corridor
Corridor Inflation	2.5%
Salary Increases	3.50% to 11.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018. Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality	Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The Rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes

There were no benefit changes during the year.

REQUIRED SUPPLEMENTARY INFORMATION

RETIREE HEALTH PLAN

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS (will ultimately be displayed)

(UNAUDITED)

Fiscal year ending September 30,	2021	2020	2019	2018
Total OPEB liability				
Service Cost	\$ 120,599	\$ 103,922	\$ 112,523	\$ 117,900
Interest on the total OPEB liability	139,265	177,352	173,090	199,485
Difference between expected and actual experience of the total OPEB liability	(186,450)	21,854	(142,849)	15,272
Changes of assumptions	25,396	449,630	(109,852)	143,553
Benefit payments	(472,782)	(481,825)	(473,238)	(486,880)
Net change in total OPEB liability	(373,972)	270,933	(440,326)	(10,670)
Total OPEB liability - beginning	5,240,258	4,969,325	5,409,651	5,420,321
Total OPEB liability - ending	\$ 4,866,286	\$ 5,240,258	\$ 4,969,325	\$ 5,409,651
Covered-employee payroll	\$ 11,301,580	\$ 13,088,231	\$ 13,527,167	\$ 12,668,540
Total OPEB liability as a percentage of covered-employee payroll	43.06%	40.04%	36.74%	42.70%

Notes to Schedule:

FYE20 - The demographic assumptions were updated to reflect the 2019 TMRS Experience Study .

Changes of assumptions reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

FYE	Discount Rate
2021	2.00%
2020	2.75%
2019	3.71%
2018	3.31%
2017	3.81%

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used by the City to account for the accumulation and disbursement of restricted resources. The following is a description of the City's Special Revenue Funds:

Hotel/Motel - to account for receipt and allocation of the City's hotel/motel occupancy tax. Use of this tax is limited by law to the promotion of tourism. The City hotel occupancy tax rate for its twelve hotels is 7%.

Police Forfeitures - to account for proceeds from the sale of assets seized in connection with drug arrests. Revenues are restricted to law enforcement expenditures.

Donations - to account for voluntary contributions for community improvement.

Cemetery - to account for grounds maintenance of Keenan Cemetery.

Tax Increment Reinvestment Zone No. 3 - to dedicate certain tax increment revenues to the Mercer Crossing Development and apply these revenues to reduce the public improvement district assessments.

Municipal Court Fees - to account for the municipal court building security fee dedicated to courthouse security and the municipal court technology fee for the purchase of technological enhancements.

Landfill Closure/Postclosure - to account for the accumulated contributions from a prior contract with Allied Waste North America, Inc. to provide resources for current and future landfill costs related to closure/postclosure.

Joint Fire Training - to account for the contributions from the participating cities to pay for the operations of the Joint Fire Training facility.

PEG Access Channel - to account for Public, Educational, Governmental (PEG) access channel capital support. Funding source is 1% of cable franchisees' gross revenue.

Farmers Branch Local Government Corporation - to account for activities to further the promotion, development, encouragement, and maintenance of employment, commerce, economic development and public facility development in Farmers Branch on behalf of the City.

Residential Revitalization Bond - to finance the City's programs for economic development for single-family residential redevelopment and revitalization in the City.

DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest. The governmental long-term debt serviced by the Debt Service Fund consists of general obligation bonds and special revenue bonds.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by the Enterprise Fund. The following is a description of the City's Capital Projects Funds:

Non-Bond Capital Projects - to account for the acquisition and construction of major capital facilities.

Hotel/Motel - to account for the construction and financing of historical park improvements, funded by hotel/motel tax revenues.

Street Improvement Bond - to account for permanent public improvements for streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the City, including streetscape improvements, public utility improvements, storm drainage facilities, and the acquisition of land therefor.

Fire Station #2 / Landfill Bond - to account for the construction and relocation of Fire Station #2 and to construct a new scale house and maintenance facility at the Camelot Landfill.

Radio System Bond - to account for public radio system upgrades and improvements.

Consolidated Dispatch Bond - to account for acquiring, equipping, or constructing of joint public safety dispatch, communications, and training facilities.

Pike Street / Station Area Improvement Bond - to account for infrastructure construction in the City's light rail station area including sidewalks, street lighting, parking and streetscaping, and related storm drainage improvements, and acquiring rights-of-way in connection therewith.

TIF No. 2 District - to account for infrastructure construction in the Old Farmers Branch tax increment financing district and is funded from developer contributions, developer advances, and property tax payments.

Trails & Sidewalks Bond - to provide funds for park and open space improvements, including trails, sidewalks and nature preserves.

COMBINING BALANCE SHEET - SUMMARY
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash, cash equivalents, and investments	\$ 5,827,880	\$ 4,186,525	\$ 21,382,837	\$ 31,397,242
Receivables (net of allowance for uncollectibles)	582,638	117,339	60,719	760,696
Accrued interest and other	25,770		70,102	95,872
Inventories	1,298,800			1,298,800
Prepaid items	688			688
Total assets	<u>\$ 7,735,776</u>	<u>\$ 4,303,864</u>	<u>\$ 21,513,658</u>	<u>\$ 33,553,298</u>
LIABILITIES				
Accounts payable	\$ 57,971	\$ 696	\$ 420,412	\$ 479,079
Retainage payable			136,166	136,166
Deposits payable	250,000	200,000	318,334	768,334
Unearned revenue	3,938			3,938
Total liabilities	<u>311,909</u>	<u>200,696</u>	<u>874,912</u>	<u>1,387,517</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		126,196	7,503	133,699
Total deferred inflows of resources		<u>126,196</u>	<u>7,503</u>	<u>133,699</u>
FUND BALANCES				
Nonspendable				
Inventory	1,298,800			1,298,800
Prepaid items	688			688
Restricted for				
Construction of capital assets			17,221,628	17,221,628
Landfill closure / postclosure	2,137,109			2,137,109
Promotion of tourism	2,054,232			2,054,232
Purpose of grantors, trustees and donors	700,058			700,058
Economic development	337,780			337,780
Debt service		3,976,972		3,976,972
Law enforcement	882,933			882,933
Fire training operations	12,267			12,267
Assigned to				
Construction of capital assets			3,409,615	3,409,615
Total fund balances	<u>7,423,867</u>	<u>3,976,972</u>	<u>20,631,243</u>	<u>32,032,082</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,735,776</u>	<u>\$ 4,303,864</u>	<u>\$ 21,513,658</u>	<u>\$ 33,553,298</u>

CITY OF FARMERS BRANCH, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2021

	Nonmajor Special Revenue Funds					
	Hotel/ Motel	Police Forfeitures	Donations	Cemetery	Tax Increment Reinvestment Zone	Municipal Court Fees
ASSETS						
Cash, cash equivalents, and investments	\$ 1,911,045	\$ 481,904	\$ 429,255	\$ 9,507	\$ 438,160	\$ 402,634
Receivables (net of allowance for uncollectibles)	189,432	952			78,145	
Accrued interest and other	5,960	1,387	1,341	29	6,726	314
Inventories						
Prepaid items	688					
Total assets	<u>\$ 2,107,125</u>	<u>\$ 484,243</u>	<u>\$ 430,596</u>	<u>\$ 9,536</u>	<u>\$ 523,031</u>	<u>\$ 402,948</u>
LIABILITIES						
Accounts payable	\$ 52,205				\$ 3,259	\$ 320
Deposits payable					250,000	
Unearned revenue		3,938				
Total liabilities	<u>52,205</u>	<u>3,938</u>			<u>253,259</u>	<u>320</u>
FUND BALANCES						
Nonspendable						
Inventory						
Prepaid items	688					
Restricted for						
Landfill closure/postclosure						
Promotion of tourism	2,054,232					
Purpose of grantors, trustees, and donors			430,596	9,536		
Economic development					269,772	
Law enforcement		480,305				402,628
Fire training operations						
Total fund balances	<u>2,054,920</u>	<u>480,305</u>	<u>430,596</u>	<u>9,536</u>	<u>269,772</u>	<u>402,628</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,107,125</u>	<u>\$ 484,243</u>	<u>\$ 430,596</u>	<u>\$ 9,536</u>	<u>\$ 523,031</u>	<u>\$ 402,948</u>

Nonmajor Special Revenue Funds					
Landfill Closure Postclosure	Joint Fire Training	PEG Access Channel	Farmers Branch Local Gov't Corporation	Residential Revitalization Bond	Total Nonmajor Special Revenue Funds
\$ 1,829,726	\$ 12,592	\$ 204,540	\$ 40,683	\$ 67,834	\$ 5,827,880
300,000		14,109			582,638
7,383	99	594		1,937	25,770
				1,298,800	1,298,800
					688
<u>\$ 2,137,109</u>	<u>\$ 12,691</u>	<u>\$ 219,243</u>	<u>\$ 40,683</u>	<u>\$ 1,368,571</u>	<u>\$ 7,735,776</u>
\$	\$ 424	\$	\$	\$ 1,763	\$ 57,971
					250,000
					3,938
	424			1,763	311,909
				1,298,800	1,298,800
					688
2,137,109					2,137,109
		219,243	40,683		2,054,232
				68,008	700,058
					337,780
					882,933
	12,267				12,267
<u>2,137,109</u>	<u>12,267</u>	<u>219,243</u>	<u>40,683</u>	<u>1,366,808</u>	<u>7,423,867</u>
<u>\$ 2,137,109</u>	<u>\$ 12,691</u>	<u>\$ 219,243</u>	<u>\$ 40,683</u>	<u>\$ 1,368,571</u>	<u>\$ 7,735,776</u>

CITY OF FARMERS BRANCH, TEXAS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2021

	Nonmajor Capital Projects Fund					
	Non-Bond	Hotel/ Motel	Street Improvement Bond	Fire Station #2/ Landfill Bond	Radio System Bond	Consolidated Dispatch Bond
ASSETS						
Cash, cash equivalents, and investments	\$ 3,870,873	\$ 54,906	\$ 2,017,849	\$ 1,306,512	\$ 222,023	\$ 278,977
Receivables (net of allowance for uncollectibles)	60,719					
Accrued interest and other	11,740		9,603	3,805	716	900
Total assets	<u>\$ 3,943,332</u>	<u>\$ 54,906</u>	<u>\$ 2,027,452</u>	<u>\$ 1,310,317</u>	<u>\$ 222,739</u>	<u>\$ 279,877</u>
LIABILITIES						
Accounts payable	\$ 306,228	\$ 3,355	\$ 25,256		\$ 44,678	\$
Retainage payable	73,080		58,236			
Deposits payable	146,906					171,428
Total liabilities	<u>526,214</u>	<u>3,355</u>	<u>83,492</u>		<u>44,678</u>	<u>171,428</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	7,503					
Total deferred inflows of resources	<u>7,503</u>					
FUND BALANCES						
Restricted for						
Construction of capital assets		51,551	1,943,960	1,310,317	178,061	108,449
Assigned to						
Construction of capital assets	3,409,615					
Total fund balances	<u>3,409,615</u>	<u>51,551</u>	<u>1,943,960</u>	<u>1,310,317</u>	<u>178,061</u>	<u>108,449</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,943,332</u>	<u>\$ 54,906</u>	<u>\$ 2,027,452</u>	<u>\$ 1,310,317</u>	<u>\$ 222,739</u>	<u>\$ 279,877</u>

Nonmajor Capital Projects Fund			
Pike Street/ Station Area Improvement Bond	TIF District No. 2	Trails & Sidewalks Bond	Total Nonmajor Capital Projects Funds
\$ 4,094,459	\$ 2,920,884	\$ 6,616,354	\$ 21,382,837
			60,719
12,227	9,163	21,948	70,102
<u>\$ 4,106,686</u>	<u>\$ 2,930,047</u>	<u>\$ 6,638,302</u>	<u>\$ 21,513,658</u>
\$	\$	\$ 40,895	\$ 420,412
		4,850	136,166
			318,334
		45,745	874,912
			7,503
			7,503
4,106,686	2,930,047	6,592,557	17,221,628
			3,409,615
<u>4,106,686</u>	<u>2,930,047</u>	<u>6,592,557</u>	<u>20,631,243</u>
<u>\$ 4,106,686</u>	<u>\$ 2,930,047</u>	<u>\$ 6,638,302</u>	<u>\$ 21,513,658</u>

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - SUMMARY
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$	\$ 4,972,616	\$	\$ 4,972,616
Hotel/motel taxes	1,683,018			1,683,018
Franchise taxes	52,198			52,198
Tax increment financing	660,135		896,985	1,557,120
Charges for services	58,591	1,486,320		1,544,911
Fines and forfeitures	283,869			283,869
Investment income	63,308	600,000	96,404	759,712
Intergovernmental	69,451		749,082	818,533
Developer contributions	300,000		893,881	1,193,881
Miscellaneous	119,953			119,953
Special assessments			166	166
Total revenues	3,290,523	7,058,936	2,636,518	12,985,977
EXPENDITURES				
Current				
General government	1,742,726		300,000	2,042,726
Public safety	334,076			334,076
Public works	1,225,124			1,225,124
Culture and recreation	1,434,077			1,434,077
Debt Service				
Principal retirement		4,300,000		4,300,000
Interest and fiscal agent charges		2,039,374		2,039,374
Capital outlay			8,186,898	8,186,898
Total expenditures	4,736,003	6,339,374	8,486,898	19,562,275
Excess (deficiency) of revenues over (under) expenditures	(1,445,480)	719,562	(5,850,380)	(6,576,298)
OTHER FINANCING SOURCES (USES)				
Transfers in		260,000	2,752,000	3,012,000
Transfers out	(425,000)			(425,000)
Total other financing sources (uses)	(425,000)	260,000	2,752,000	2,587,000
Net change in fund balances	(1,870,480)	979,562	(3,098,380)	(3,989,298)
Fund balances - beginning	9,294,347	2,997,410	23,729,623	36,021,380
Fund balances - ending	\$ 7,423,867	\$ 3,976,972	\$ 20,631,243	\$ 32,032,082

CITY OF FARMERS BRANCH, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Nonmajor Special Revenue Funds					
	Hotel Motel	Police Forfeitures	Donations	Cemetery	Tax Increment Reinvestment Zone No 3	Municipal Court Fees
REVENUES						
Hotel/motel taxes	\$ 1,683,018	\$	\$	\$	\$	\$
Franchise taxes						
Tax increment financing					660,135	
Charges for services	58,591					
Fines and forfeitures		191,124				92,745
Investment income	36,089	1,859	1,846	41	9,258	432
Intergovernmental						
Developer contributions						
Miscellaneous	875		39,723	1,200	78,145	
Total revenues	1,778,573	192,983	41,569	1,241	747,538	93,177
EXPENDITURES						
General government					738,280	8,975
Public safety		65,890	9,769			178,306
Public works						
Culture and recreation	1,432,294		1,783			
Total expenditures	1,432,294	65,890	11,552		738,280	187,281
Excess (deficiency) of revenues over (under) expenditures	346,279	127,093	30,017	1,241	9,258	(94,104)
OTHER FINANCING SOURCES (USES)						
Transfers out	(425,000)					
Total other financing sources (uses)	(425,000)					
Net change in fund balances	(78,721)	127,093	30,017	1,241	9,258	(94,104)
Fund balances - beginning	2,133,641	353,212	400,579	8,295	260,514	496,732
Fund balances - ending	\$ 2,054,920	\$ 480,305	\$ 430,596	\$ 9,536	\$ 269,772	\$ 402,628

Nonmajor Special Revenue Funds					
Landfill Closure Postclosure	Joint Fire Training	PEG Access Channel	Farmers Branch Local Gov't Corporation	Residential Revitalization Bond	Total Nonmajor Special Revenue Funds
\$	\$	\$	\$	\$	\$
		52,198			1,683,018
					52,198
					660,135
					58,591
					283,869
10,162	136	818		2,667	63,308
	69,451				69,451
300,000					300,000
				10	119,953
310,162	69,587	53,016		2,677	3,290,523
		4,702		990,769	1,742,726
	80,111				334,076
1,225,124					1,225,124
					1,434,077
1,225,124	80,111	4,702		990,769	4,736,003
(914,962)	(10,524)	48,314		(988,092)	(1,445,480)
					(425,000)
					(425,000)
(914,962)	(10,524)	48,314		(988,092)	(1,870,480)
3,052,071	22,791	170,929	40,683	2,354,900	9,294,347
\$ 2,137,109	\$ 12,267	\$ 219,243	\$ 40,683	\$ 1,366,808	\$ 7,423,867

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Nonmajor Capital Projects Funds									Total Nonmajor Capital Projects Funds
	Non-Bond	Hotel/ Motel	Street Improvement Bond	Fire Station #2/ Landfill Bond	Radio System Bond	Consolidated Dispatch Bond	Pike Street / Station Area Improvement Bond	TIF District No. 2	Trails & Sidewalks Bond	
REVENUES										
Tax increment financing	\$	\$	\$	\$	\$	\$	\$	\$ 896,985	\$	\$ 896,985
Investment income	16,210	(138)	13,217	5,238	985	1,239	16,830	12,613	30,210	96,404
Intergovernmental	749,082									749,082
Developer contributions	291,197			602,684						893,881
Special assessments	166									166
Total revenues	1,056,655	(138)	13,217	607,922	985	1,239	16,830	909,598	30,210	2,636,518
EXPENDITURES										
General government								300,000		300,000
Capital outlay	5,191,975	112,467	2,229,627	2,828				228,389	421,612	8,186,898
Total expenditures	5,191,975	112,467	2,229,627	2,828				528,389	421,612	8,486,898
Excess (deficiency) of revenues over (under) expenditures	(4,135,320)	(112,605)	(2,216,410)	605,094	985	1,239	16,830	381,209	(391,402)	(5,850,380)
OTHER FINANCING SOURCES (USES)										
Transfers in	2,615,000	137,000								2,752,000
Total other financing sources (uses)	2,615,000	137,000								2,752,000
Net change in fund balances	(1,520,320)	24,395	(2,216,410)	605,094	985	1,239	16,830	381,209	(391,402)	(3,098,380)
Fund balances - beginning	4,929,935	27,156	4,160,370	705,223	177,076	107,210	4,089,856	2,548,838	6,983,959	23,729,623
Fund balances - ending	\$ 3,409,615	\$ 51,551	\$ 1,943,960	\$ 1,310,317	\$ 178,061	\$ 108,449	\$ 4,106,686	\$ 2,930,047	\$ 6,592,557	\$ 20,631,243

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

Nonmajor Special Revenue Funds and Debt Service Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL/MOTEL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Hotel/motel taxes	\$ 1,560,000	\$ 1,683,018	\$ 123,018
Charges for services	58,100	58,591	491
Investment income	42,000	36,089	(5,911)
Miscellaneous	800	875	75
Total revenues	1,660,900	1,778,573	117,673
EXPENDITURES			
Culture and recreation	1,883,167	1,432,294	450,873
Total expenditures	1,883,167	1,432,294	450,873
Excess (deficiency) of revenues over (under) expenditures	(222,267)	346,279	568,546
OTHER FINANCING SOURCES (USES)			
Transfers out	(425,000)	(425,000)	
Total other financing sources (uses)	(425,000)	(425,000)	
Net change in fund balances	(647,267)	(78,721)	568,546
Fund balances - beginning	2,133,641	2,133,641	
Fund balances - ending	\$ 1,486,374	\$ 2,054,920	\$ 568,546

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 POLICE FORFEITURES FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Fines and forfeitures	\$ 187,800	\$ 191,124	\$ 3,324
Investment income	2,600	1,859	(741)
Total revenues	190,400	192,983	2,583
EXPENDITURES			
Public safety	161,000	65,890	95,110
Total expenditures	161,000	65,890	95,110
Net change in fund balances	29,400	127,093	97,693
Fund balances - beginning	353,212	353,212	
Fund balances - ending	\$ 382,612	\$ 480,305	\$ 97,693

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DONATIONS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 2,900	\$ 1,846	\$ (1,054)
Miscellaneous	35,600	39,723	4,123
Total revenues	38,500	41,569	3,069
EXPENDITURES			
General government	900		900
Public safety	15,200	9,769	5,431
Public works	40,000		40,000
Culture and recreation	13,400	1,783	11,617
Total expenditures	69,500	11,552	57,948
Net change in fund balances	(31,000)	30,017	61,017
Fund balances - beginning	400,579	400,579	
Fund balances - ending	\$ 369,579	\$ 430,596	\$ 61,017

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CEMETERY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 100	\$ 41	\$ (59)
Miscellaneous	1,200	1,200	
Total revenues	1,300	1,241	(59)
Net change in fund balances	1,300	1,241	(59)
Fund balances - beginning	8,295	8,295	
Fund balances - ending	<u>\$ 9,595</u>	<u>\$ 9,536</u>	<u>\$ (59)</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TAX INCREMENT REINVESTMENT ZONE NO. 3 FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Tax increment financing	\$ 660,100	\$ 660,135	\$ 35
Investment income	8,500	9,258	758
Miscellaneous	<u>84,900</u>	<u>78,145</u>	<u>(6,755)</u>
Total revenues	<u>753,500</u>	<u>747,538</u>	<u>(5,962)</u>
EXPENDITURES			
General government	<u>759,900</u>	<u>738,280</u>	<u>21,620</u>
Total expenditures	<u>759,900</u>	<u>738,280</u>	<u>21,620</u>
Net change in fund balances	(6,400)	9,258	15,658
Fund balances - beginning	<u>260,514</u>	<u>260,514</u>	
Fund balances - ending	<u>\$ 254,114</u>	<u>\$ 269,772</u>	<u>\$ 15,658</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL COURT FEES FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Fines and forfeitures	\$ 88,600	\$ 92,745	\$ 4,145
Investment income	500	432	(68)
Total revenues	89,100	93,177	4,077
EXPENDITURES			
General government	14,300	8,975	5,325
Public safety	179,000	178,306	694
Total expenditures	193,300	187,281	6,019
Net change in fund balances	(104,200)	(94,104)	10,096
Fund balances - beginning	496,732	496,732	
Fund balances - ending	<u>\$ 392,532</u>	<u>\$ 402,628</u>	<u>\$ 10,096</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 LANDFILL CLOSURE / POSTCLOSURE FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 22,000	\$ 10,162	\$ (11,838)
Developer contributions	300,000	300,000	
Total revenues	322,000	310,162	(11,838)
EXPENDITURES			
Public works	928,000	1,225,124	(297,124)
Total expenditures	928,000	1,225,124	(297,124)
Net change in fund balances	(606,000)	(914,962)	(308,962)
Fund balances - beginning	3,052,071	3,052,071	
Fund balances - ending	<u>\$ 2,446,071</u>	<u>\$ 2,137,109</u>	<u>\$ (308,962)</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 JOINT FIRE TRAINING FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 300	\$ 136	\$ (164)
Intergovernmental	70,700	69,451	(1,249)
Total revenues	71,000	69,587	(1,413)
EXPENDITURES			
Public safety	90,700	80,111	10,589
Total expenditures	90,700	80,111	10,589
Net change in fund balances	(19,700)	(10,524)	9,176
Fund balances - beginning	22,791	22,791	
Fund balances - ending	<u>\$ 3,091</u>	<u>\$ 12,267</u>	<u>\$ 9,176</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 PEG ACCESS CHANNEL FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Franchise taxes	\$ 58,000	\$ 52,198	\$ (5,802)
Investment income	1,300	818	(482)
Total revenues	59,300	53,016	(6,284)
EXPENDITURES			
General government	75,000	4,702	70,298
Total expenditures	75,000	4,702	70,298
Net change in fund balances	(15,700)	48,314	64,014
Fund balances - beginning	170,929	170,929	
Fund balances - ending	<u>\$ 155,229</u>	<u>\$ 219,243</u>	<u>\$ 64,014</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 RESIDENTIAL REVITALIZATION BOND FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 8,700	\$ 2,667	\$ (6,033)
Miscellaneous		10	10
Total revenues	8,700	2,677	(6,023)
EXPENDITURES			
General government	1,450,000	990,769	459,231
Total expenditures	1,450,000	990,769	459,231
Net change in fund balances	(1,441,300)	(988,092)	453,208
Fund balances - beginning	2,354,900	2,354,900	
Fund balances - ending	<u>\$ 913,600</u>	<u>\$ 1,366,808</u>	<u>\$ 453,208</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET
AND ACTUAL DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Property taxes	\$ 5,049,028	\$ 4,972,616	\$ (76,412)
Charges for services	1,181,000	1,486,320	305,320
Investment income	600,000	600,000	
Total revenues	6,830,028	7,058,936	228,908
EXPENDITURES			
Principal retirement	4,300,000	4,300,000	
Interest and fiscal agent charges	2,033,200	2,039,374	(6,174)
Total expenditures	6,333,200	6,339,374	(6,174)
Excess of revenues over expenditures	496,828	719,562	222,734
OTHER FINANCING SOURCES (USES)			
Transfers in	260,000	260,000	
Total other financing sources	260,000	260,000	
Net change in fund balances	756,828	979,562	222,734
Fund balances - beginning	2,997,410	2,997,410	
Fund balances - ending	\$ 3,754,238	\$ 3,976,972	\$ 222,734

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

The Internal Service Funds account for the financing services provided by one department to other departments of the City on a cost reimbursement basis. The following is a description of the City's Internal Service Funds:

Fleet & Facilities Management Fund - to account for materials and supplies provided exclusively to other funds and departments of the City.

Workers' Compensation Fund - to account for the City's workers' compensation self-insurance program.

Health Claims Fund – to account for the City's group health self-insurance program for employees, retirees, and their immediate families.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2021

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
ASSETS				
Current assets:				
Cash, cash equivalents, and investments	\$ 1,781,463	\$ 1,277,870	\$ 2,140,474	\$ 5,199,807
Receivables (net of allowance for uncollectibles)		19,570	256,716	276,286
Inventories	35,643			35,643
Prepaid items	4,875			4,875
Deposits		35,000		35,000
Total current assets	1,821,981	1,332,440	2,397,190	5,551,611
Noncurrent assets				
Nondepreciable	8,170			8,170
Depreciable, net of accumulated depreciation	7,712,255			7,712,255
Total noncurrent assets	7,720,425			7,720,425
Total assets	9,542,406	1,332,440	2,397,190	13,272,036
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	122,870			122,870
Deferred outflows from OPEB	36,632			36,632
Total deferred outflows of resources	159,502			159,502
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	385,207	88,627	11,752	485,586
Compensated absences current	28,784			28,784
Claims payable		305,419	468,160	773,579
Total current liabilities	413,991	394,046	479,912	1,287,949
Noncurrent liabilities				
Compensated absences long term	70,324			70,324
Claims payable long term		187,192		187,192
Net pension liability	602,123			602,123
Total OPEB liability	243,313			243,313
Total noncurrent liabilities	915,760	187,192		1,102,952
Total liabilities	1,329,751	581,238	479,912	2,390,901
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	219,579			219,579
Deferred inflows from OPEB	12,860			12,860
Total deferred inflows of resources	232,439			232,439
NET POSITION				
Net investment in capital assets	7,720,425			7,720,425
Unrestricted	419,293	751,202	1,917,278	3,087,773
Total net position	\$ 8,139,718	\$ 751,202	\$ 1,917,278	\$ 10,808,198

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
Operating revenues				
Charges for services	\$ 5,359,261	\$	\$	\$ 5,359,261
Contributions and miscellaneous		92,534	4,699,072	4,791,606
Total operating revenues	5,359,261	92,534	4,699,072	10,150,867
Operating expenses				
Personal services	891,755			891,755
Materials and supplies	1,795,239			1,795,239
Maintenance and utilities	2,250,793	3,500		2,254,293
Insurance claims and expenses		624,359	3,902,588	4,526,947
Depreciation	273,404			273,404
Total operating expenses	5,211,191	627,859	3,902,588	9,741,638
Operating income	148,070	(535,325)	796,484	409,229
Capital contributions	3,340			3,340
Transfers in	1,181	329,500		330,681
Change in net position	152,591	(205,825)	796,484	743,250
Net position - beginning	7,987,127	957,027	1,120,794	10,064,948
Net position - ending	\$ 8,139,718	\$ 751,202	\$ 1,917,278	\$ 10,808,198

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 5,359,262	\$ 81,159	\$ 4,442,356	9,882,777
Payments to suppliers	(3,879,414)	(3,500.00)		(3,882,914)
Payments to employees	(1,002,401)			(1,002,401)
Payments for claims		(251,153)	(3,977,473)	(4,228,626)
Net cash provided by (used for) operating activities	477,447	(173,494)	464,883	768,836
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	1,181	329,500		330,681
Transfers to other funds				
Net cash provided by noncapital financing activities	1,181	329,500		330,681
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(10,231)			(10,231)
Net cash used for capital and related financing activities	(10,231)			(10,231)
Net increase in cash and cash equivalents	468,397	156,006	464,883	1,089,286
Cash and cash equivalents - beginning of year	1,313,066	1,121,864	1,675,591	4,110,521
Cash and cash equivalents - end of year	\$ 1,781,463	\$ 1,277,870	\$ 2,140,474	\$ 5,199,807
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 148,070	\$ (535,325)	\$ 796,484	\$ 409,229
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	273,404			273,404
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Increase in receivables		(11,375)	(256,716)	(268,091)
Increase in inventories	(12,930)			(12,930)
Decrease in prepaid items	375			375
Decrease in deferred outflows of resources	21,107			21,107
Increase (decrease) in accrued liabilities	187,555	71,790	(103,197)	156,148
Increase in claims payable		301,416	28,312	329,728
Decrease in net pension liability	(124,629)			(124,629)
Decrease in total OPEB liability	(18,698)			(18,698)
Decrease in accrued compensated absences	(7,282)			(7,282)
Increase in deferred inflows of resources	10,475			10,475
Net cash provided by (used for) operating activities	\$ 477,447	\$ (173,494)	\$ 464,883	\$ 768,836

STATISTICAL SECTION (Unaudited)

The City of Farmers Branch's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends	These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	Page 84 - 90
Revenue Capacity	These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	92 - 97
Debt Capacity	These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	98 - 100
Demographic & Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	101 - 102
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	103 - 108
Other Information	This schedule offers additional analysis regarding rapidly growing expenses or areas of financial concern that are of interest to the users of the financial statements.	109

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF FARMERS BRANCH, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

(UNAUDITED)

	Fiscal Year				
	2012	2013	2014	2015 (1)	2016
Governmental activities:					
Net investment in capital assets	\$ 101,949,868	\$ 100,736,048	\$ 97,650,889	\$ 98,590,058	\$ 98,496,787
Restricted	3,451,946	3,593,339	4,792,147	6,147,754	7,152,723
Unrestricted	(14,520,916)	(16,136,740)	(16,653,141)	(31,206,669)	(32,114,251)
Total governmental activities net position	<u>\$ 90,880,898</u>	<u>\$ 88,192,647</u>	<u>\$ 85,789,895</u>	<u>\$ 73,531,143</u>	<u>\$ 73,535,259</u>
Business-type activities:					
Net investment in capital assets	\$ 40,608,870	\$ 40,637,368	\$ 40,410,276	\$ 42,443,950	\$ 41,529,619
Unrestricted	15,129,064	13,945,376	11,487,795	9,076,311	10,471,923
Total business-type activities net position	<u>\$ 55,737,934</u>	<u>\$ 54,582,744</u>	<u>\$ 51,898,071</u>	<u>\$ 51,520,261</u>	<u>\$ 52,001,542</u>
Primary government:					
Net investment in capital assets	\$ 142,558,738	\$ 141,373,416	\$ 138,061,165	\$ 141,034,008	\$ 140,026,406
Restricted	3,451,946	3,593,339	4,792,147	6,147,754	7,152,723
Unrestricted	608,148	(2,191,364)	(5,165,346)	(22,130,358)	(21,642,328)
Total governmental activities net position	<u>\$ 146,618,832</u>	<u>\$ 142,775,391</u>	<u>\$ 137,687,966</u>	<u>\$ 125,051,404</u>	<u>\$ 125,536,801</u>

Notes:

(1) The fiscal year 2015 governmental activities were restated with implementation of GASB Statements 68 & 71 to record a beginning net pension liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

(2) The fiscal year 2018 governmental activities were restated with implementation of GASB Statement 75 to record a beginning net OPEB liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

TABLE 1

Fiscal Year				
<u>2017</u>	<u>2018 (2)</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 102,598,166	\$ 111,614,735	\$ 120,256,477	\$ 140,767,184	\$ 148,809,910
5,347,455	5,004,542	8,793,762	9,407,269	13,515,575
<u>(24,589,681)</u>	<u>(23,365,364)</u>	<u>(20,684,259)</u>	<u>(11,806,042)</u>	<u>(5,539,781)</u>
<u>\$ 83,355,940</u>	<u>\$ 93,253,913</u>	<u>\$ 108,365,980</u>	<u>\$ 138,368,411</u>	<u>\$ 156,785,704</u>
\$ 40,158,599	\$ 44,369,653	\$ 50,795,139	\$ 52,383,379	\$ 54,928,229
12,805,807	15,252,063	18,940,131	18,701,549	23,584,767
<u>\$ 52,964,406</u>	<u>\$ 59,621,716</u>	<u>\$ 69,735,270</u>	<u>\$ 71,084,928</u>	<u>\$ 78,512,996</u>
\$ 142,756,765	\$ 155,984,388	\$ 171,051,616	\$ 193,150,563	\$ 203,738,139
5,347,455	5,004,542	8,793,762	9,407,269	13,515,575
<u>(11,783,874)</u>	<u>(8,113,301)</u>	<u>(1,744,128)</u>	<u>6,895,507</u>	<u>18,044,986</u>
<u>\$ 136,320,346</u>	<u>\$ 152,875,629</u>	<u>\$ 178,101,250</u>	<u>\$ 209,453,339</u>	<u>\$ 235,298,700</u>

CITY OF FARMERS BRANCH, TEXAS

CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (UNAUDITED)

	Fiscal Year					
	2012	2013	2014	2015 (1)	2016	2017
Expenses						
Governmental activities:						
General government	\$ 11,884,776	\$ 10,914,452	\$ 13,133,503	\$ 12,623,901	\$ 14,578,536	\$ 16,573,789
Public safety	21,414,818	22,772,965	22,147,916	22,025,873	25,223,791	26,982,151
Public works	8,509,565	8,875,224	11,683,321	9,414,374	9,262,380	304,447
Culture and recreation	12,866,193	12,739,313	11,820,723	12,588,417	14,084,036	14,415,728
Interest on long term debt	1,775,374	1,887,714	2,141,082	2,344,088	2,359,900	2,217,026
Unallocated depreciation	605,266	126,464	126,464	126,464	273,962	277,305
Total governmental activities expenses	57,055,992	57,316,132	61,053,009	59,123,117	65,782,605	60,770,446
Business-type activities:						
Water and sewer	11,712,523	12,249,982	12,393,782	13,095,850	15,187,138	16,086,557
Public improvement district				570,356	274,895	647,624
Total business-type activities expenses	11,712,523	12,249,982	12,393,782	13,666,206	15,462,033	16,734,181
Total primary government expenses	\$ 68,768,515	\$ 69,566,114	\$ 73,446,791	\$ 72,789,323	\$ 81,244,638	\$ 77,504,627
Program Revenues						
Governmental activities:						
Charges for services						
Public safety	\$ 3,989,457	\$ 4,283,496	\$ 4,379,539	\$ 4,441,054	\$ 4,694,946	\$ 4,734,932
Public works	2,308,598	2,254,323	2,279,435	2,287,633	2,481,706	2,651,878
Other	2,356,793	2,386,019	2,081,908	3,346,842	2,952,599	3,581,692
Operating grants and contributions	310,341	781,993	552,131	335,647	349,473	600,602
Capital grants and contributions	709,138	303,998	98,600	401,271	253,844	560,197
Total governmental activities program revenues	9,674,327	10,009,829	9,391,613	10,812,447	10,732,568	12,129,301
Business-type activities:						
Charges for services	14,059,819	14,194,339	14,576,404	17,746,563	20,083,136	21,271,417
Capital grants and contributions			290,890	3,800		
Total business-type activities program revenues	14,059,819	14,194,339	14,867,294	17,750,363	20,083,136	21,271,417
Total primary government program revenues	\$ 23,734,146	\$ 24,204,168	\$ 24,258,907	\$ 28,562,810	\$ 30,815,704	\$ 33,400,718
Net (Expense)/Revenue						
Governmental activities	\$ (47,381,665)	\$ (47,306,303)	\$ (51,661,396)	\$ (48,310,670)	\$ (55,050,037)	\$ (48,641,145)
Business-type activities	2,347,296	1,944,357	2,473,512	4,084,157	4,621,103	4,537,236
Total primary government net expense	\$ (45,034,369)	\$ (45,361,946)	\$ (49,187,884)	\$ (44,226,513)	\$ (50,428,934)	\$ (44,103,909)
General Revenues and Other Changes in Net Position						
Governmental activities:						
Taxes						
Property taxes, levied for general purposes	\$ 17,284,378	\$ 17,707,657	\$ 18,886,710	\$ 20,727,595	\$ 22,191,443	\$ 24,509,410
Property taxes, levied for debt service	1,506,258	1,284,446	2,075,008	3,903,953	3,926,612	4,291,764
Sales and use taxes	12,750,809	13,689,917	13,430,485	13,363,544	13,639,841	13,936,336
Other taxes	7,123,827	7,471,449	7,724,433	8,508,637	9,457,598	10,600,730
Investment income	1,341,782	1,386,221	1,872,535	1,591,991	1,664,659	1,447,475
Gain on extinguishment of debt						
Gain on sale/retirement of capital assets and insurance recoveries	536,320	4,862	36,873	124,938		59,927
Transfers	3,388,500	3,073,500	5,232,600	3,469,420	4,174,000	3,616,184
Total governmental activities	43,931,874	44,618,052	49,258,644	51,690,078	55,054,153	58,461,826
Business-type activities:						
Investment income	33,868	20,563	17,915	21,560	34,178	41,812
Gain on sale/retirement of capital assets		(46,610)	56,500			
Transfers	(3,388,500)	(3,073,500)	(5,232,600)	(3,469,420)	(4,174,000)	(3,616,184)
Total business-type activities	(3,354,632)	(3,099,547)	(5,158,185)	(3,447,860)	(4,139,822)	(3,574,372)
Total primary government	\$ 40,577,242	\$ 41,518,505	\$ 44,100,459	\$ 48,242,218	\$ 50,914,331	\$ 54,887,454
Change in Net Position						
Governmental activities	\$ (3,449,791)	\$ (2,688,251)	\$ (2,402,752)	\$ 3,379,408	\$ 4,116	\$ 9,820,681
Business-type activities	(1,007,336)	(1,155,190)	(2,684,673)	636,297	481,281	962,864
Total primary government	\$ (4,457,127)	\$ (3,843,441)	\$ (5,087,425)	\$ 4,015,705	\$ 485,397	\$ 10,783,545

Notes:

- (1) The fiscal year 2015 governmental activities were restated with implementation of GASB 68 & 71 to record a beginning net pension liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.
- (2) The fiscal year 2018 governmental activities were restated with implementation of GASB 75 to record a beginning net OPEB liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

Fiscal Year			
2018 (2)	2019	2020	2021
\$ 16,174,829	\$ 19,575,431	\$ 21,181,076	\$ 17,255,980
25,966,603	29,155,722	29,902,691	26,422,950
12,433,845	13,841,348	12,899,719	14,984,662
13,864,483	15,349,830	14,243,692	13,626,946
2,812,608	3,474,315	1,823,611	1,527,200
272,867	246,659	185,799	145,929
<u>71,525,235</u>	<u>81,643,305</u>	<u>80,236,588</u>	<u>73,963,667</u>
17,132,596	16,513,832	16,026,496	17,324,414
284,185	1,509,879	1,693,104	1,009,125
<u>17,416,781</u>	<u>18,023,711</u>	<u>17,719,600</u>	<u>18,333,539</u>
<u>\$ 88,942,016</u>	<u>\$ 99,667,016</u>	<u>\$ 97,956,188</u>	<u>\$ 92,297,206</u>
\$ 4,254,309	\$ 4,659,728	\$ 3,453,793	\$ 4,152,796
3,342,887	6,672,289	5,658,875	7,065,519
6,900,369	5,615,232	4,002,289	5,491,545
719,367	516,444	2,177,925	1,565,257
6,471,947	10,004,978	5,920,245	4,164,801
<u>21,688,879</u>	<u>27,468,671</u>	<u>21,213,127</u>	<u>22,439,918</u>
25,155,472	25,734,892	28,029,705	29,054,152
3,368,829	4,365,188	2,716,505	592,797
<u>28,524,301</u>	<u>30,100,080</u>	<u>30,746,210</u>	<u>29,646,949</u>
<u>\$ 50,213,180</u>	<u>\$ 57,568,751</u>	<u>\$ 51,959,337</u>	<u>\$ 52,086,867</u>
\$ (49,836,356)	\$ (54,174,634)	\$ (59,023,461)	\$ (51,523,749)
11,107,520	12,076,369	13,026,610	11,313,410
<u>\$ (38,728,836)</u>	<u>\$ (42,098,265)</u>	<u>\$ (45,996,851)</u>	<u>\$ (40,210,339)</u>
\$ 25,617,820	\$ 27,431,177	\$ 30,636,546	\$ 34,131,625
4,309,918	4,584,944	4,443,207	4,973,900
14,618,441	17,410,323	17,164,707	18,737,374
12,032,639	14,617,755	10,181,063	7,125,294
1,787,154	2,935,658	2,393,143	1,031,746
		9,979,973	
17,136	35,918	2,280,136	41,584
4,227,900	2,270,926	11,947,117	3,899,519
<u>62,611,008</u>	<u>69,286,701</u>	<u>89,025,892</u>	<u>69,941,042</u>
103,609	308,111	270,165	7,656
			6,521
<u>(4,227,900)</u>	<u>(2,270,926)</u>	<u>(11,947,117)</u>	<u>(3,899,519)</u>
<u>(4,124,291)</u>	<u>(1,962,815)</u>	<u>(11,676,952)</u>	<u>(3,885,342)</u>
<u>\$ 58,486,717</u>	<u>\$ 67,323,886</u>	<u>\$ 77,348,940</u>	<u>\$ 66,055,700</u>
\$ 12,774,652	\$ 15,112,067	\$ 30,002,431	\$ 18,417,293
6,983,229	10,113,554	1,349,658	7,428,068
<u>\$ 19,757,881</u>	<u>\$ 25,225,621</u>	<u>\$ 31,352,089</u>	<u>\$ 25,845,361</u>

CITY OF FARMERS BRANCH, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (UNAUDITED)

	Fiscal Year					
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund						
Nonspendable	\$ 68,355	\$ 53,954	\$ 69,257	\$ 132,756	\$ 448,649	\$ 517,318
Assigned	2,901,641	3,011,161	3,731,449	4,676,363	4,182,793	3,629,261
Unassigned	8,629,830	8,942,763	7,538,450	7,907,059	8,257,163	10,183,899
Total general fund	<u>\$ 11,599,826</u>	<u>\$ 12,007,878</u>	<u>\$ 11,339,156</u>	<u>\$ 12,716,178</u>	<u>\$ 12,888,605</u>	<u>\$ 14,330,478</u>
All Other Governmental Funds						
Nonspendable	\$ 5,518	\$ 5,625	\$ 5,703	\$ 5,647	\$ 1,178,410	\$ 813
Restricted	13,893,159	22,579,131	33,062,581	22,883,726	19,182,416	15,144,319
Assigned	538,109	442,101	510,988	990,659	1,842,960	2,398,480
Total all other governmental funds	<u>\$ 14,436,786</u>	<u>\$ 23,026,857</u>	<u>\$ 33,579,272</u>	<u>\$ 23,880,032</u>	<u>\$ 22,203,786</u>	<u>\$ 17,543,612</u>

Fiscal Year			
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 410,007	\$ 2,737,891	\$ 3,548,208	\$ 3,517,846
5,244,119	3,126,224	3,307,524	4,477,605
14,421,939	17,828,976	16,720,978	22,030,886
<u>\$ 20,076,065</u>	<u>\$ 23,693,091</u>	<u>\$ 23,576,710</u>	<u>\$ 30,026,337</u>
\$ 24,488	\$ 938	\$ 704,863	\$ 1,300,176
33,841,817	27,285,503	31,040,799	27,327,233
3,250,792	3,370,932	4,929,935	3,409,615
<u>\$ 37,117,097</u>	<u>\$ 30,657,373</u>	<u>\$ 36,675,597</u>	<u>\$ 32,037,024</u>

CITY OF FARMERS BRANCH, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (UNAUDITED)

	Fiscal Year					
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES						
Property taxes	\$ 18,743,734	\$ 19,200,726	\$ 21,083,842	\$ 24,536,084	\$ 26,330,398	\$ 28,416,586
Sales and use taxes	12,750,809	13,689,917	13,430,485	13,363,544	13,639,841	13,936,336
Hotel/motel taxes	1,932,530	2,253,459	2,396,399	2,728,631	2,959,667	2,892,655
Franchise taxes	4,224,443	4,419,509	4,495,241	4,411,259	4,309,598	4,255,212
Tax increment financing	868,477	910,899	1,007,993	1,289,826	2,236,280	3,481,586
Licenses and permits	1,012,913	1,015,017	930,443	1,680,095	1,427,801	2,024,453
Charges for services	4,624,287	4,539,757	4,522,186	5,001,160	5,407,761	5,487,380
Fines and forfeitures	2,855,363	3,070,412	3,090,300	3,034,885	3,125,094	3,176,432
Special assessments	42,676	9,806	7,585	4,496	1,152	
Investment income	1,320,647	1,342,026	1,360,409	1,591,991	1,651,645	1,447,475
Intergovernmental	691,339	569,703	569,418	584,312	503,153	676,535
Miscellaneous	438,008	640,342	171,238	279,221	194,356	744,394
Total revenues	<u>49,505,226</u>	<u>51,661,573</u>	<u>53,065,539</u>	<u>58,505,504</u>	<u>61,786,746</u>	<u>66,539,044</u>
EXPENDITURES						
General government	11,405,984	11,098,357	12,996,563	12,880,704	13,447,135	14,173,367
Public safety	21,217,452	22,389,057	22,655,239	23,117,436	24,353,622	25,600,823
Public works	6,132,641	6,286,480	7,204,534	7,145,553	7,378,781	8,458,117
Culture and recreation	11,951,546	12,111,397	11,092,198	11,746,205	12,923,543	12,997,256
Debt service:						
Principal retirement	3,720,000	2,000,000	2,596,859	3,450,000	3,930,000	4,605,000
Interest and fiscal agent charges	773,819	752,555	997,079	1,531,742	1,437,739	1,380,656
Issuance costs	108,637	182,333	223,842		96,628	
Loss due to decline in market value	134,227					
Capital outlay	<u>3,712,822</u>	<u>1,862,907</u>	<u>7,496,911</u>	<u>11,716,646</u>	<u>7,269,438</u>	<u>7,588,292</u>
Total expenditures	<u>59,157,128</u>	<u>56,683,086</u>	<u>65,263,225</u>	<u>71,588,286</u>	<u>70,836,886</u>	<u>74,803,511</u>
Deficiency of revenues under expenditures	<u>(9,651,902)</u>	<u>(5,021,513)</u>	<u>(12,197,686)</u>	<u>(13,082,782)</u>	<u>(9,050,140)</u>	<u>(8,264,467)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	5,007,593	4,837,912	8,517,400	6,528,075	7,860,588	9,715,107
Transfers out	(1,619,093)	(1,764,412)	(3,284,800)	(2,477,275)	(3,095,788)	(4,984,107)
Certificates of obligation issued					2,545,000	
General obligation refunding and improvement bonds issued	7,035,000	9,500,000	15,810,000			
Premiums on debt issued	19,057	648,755	924,244		149,083	
Payment to refund bond escrow agent	(6,950,250)					
Sale of capital assets/insurance recoveries	1,569,531	797,381	114,535	709,764	87,438	315,166
Total other financing sources	<u>5,061,838</u>	<u>14,019,636</u>	<u>22,081,379</u>	<u>4,760,564</u>	<u>7,546,321</u>	<u>5,046,166</u>
Net change in fund balances	<u>(4,590,064)</u>	<u>8,998,123</u>	<u>9,883,693</u>	<u>(8,322,218)</u>	<u>(1,503,819)</u>	<u>(3,218,301)</u>
Debt service as a percentage of noncapital expenditures	8.28%	5.19%	6.09%	8.29%	8.65%	8.97%

TABLE 4

Fiscal Year			
2018	2019	2020	2021
\$ 30,016,868	\$ 31,975,934	\$ 34,907,228	\$ 39,103,679
14,618,441	17,410,323	17,164,707	18,737,374
2,849,666	3,115,374	1,794,067	1,683,018
4,207,394	4,132,975	3,939,882	3,877,037
4,949,033	7,351,606	4,513,776	1,557,120
5,016,007	3,712,038	2,883,283	3,810,089
6,280,213	8,710,341	8,432,009	9,961,389
2,737,338	2,787,243	1,709,922	1,731,794
276	829		166
1,787,154	2,935,658	2,393,143	1,031,796
327,232	510,454	2,482,704	2,266,930
623,672	1,116,009	546,467	1,350,204
73,413,294	83,758,784	80,767,188	85,110,596
13,541,524	15,695,223	20,340,488	17,608,739
25,364,483	26,304,729	29,457,949	28,611,977
9,298,814	9,833,782	10,230,771	11,292,346
13,029,696	13,993,554	12,902,268	15,497,781
5,481,000	6,081,028	4,120,000	4,300,000
1,256,017	3,060,568	4,597,248	2,039,374
429,311		177,131	
10,955,111	16,611,491	10,554,026	8,186,898
79,355,956	91,580,375	92,379,881	87,537,115
(5,942,662)	(7,821,591)	(11,612,693)	(2,426,519)
7,827,000	6,814,947	8,238,200	8,025,400
(3,129,100)	(3,673,047)	(4,163,700)	(4,045,881)
10,515,000			
13,540,000		12,305,000	
		1,178,547	
1,337,311		(3,290,921)	
1,171,523	1,836,993	3,247,410	258,054
31,261,734	4,978,893	17,514,536	4,237,573
25,319,072	(2,842,698)	5,901,843	1,811,054
9.90%	11.87%	11.08%	8.59%

CITY OF FARMERS BRANCH, TEXAS

ESTIMATED ACTUAL AND ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	RESIDENTIAL PROPERTY			COMMERCIAL PROPERTY		
	ESTIMATED	LESS:	ASSESSED	ESTIMATED	LESS:	ASSESSED
	ACTUAL	TAX		ACTUAL	TAX	
	VALUE	EXEMPTIONS		VALUE	EXEMPTIONS	
2012	\$ 1,168,520,280	\$ 346,141,819	\$ 822,378,461	\$ 2,404,857,560	\$ 479,255,392	\$ 1,925,602,168
2013	1,161,499,680	341,105,378	820,394,302	2,426,759,830	480,107,916	1,946,651,914
2014	1,172,509,100	339,997,399	832,511,701	2,500,245,200	425,834,837	2,074,410,363
2015	1,219,899,590	348,502,483	871,397,107	2,811,101,750	491,719,476	2,319,382,274
2016	1,282,165,920	358,024,345	924,141,575	3,043,315,820	498,804,477	2,544,511,343
2017	1,406,460,670	393,903,858	1,012,556,812	3,281,998,130	528,879,342	2,753,118,788
2018	1,552,573,710	442,604,793	1,109,968,917	3,423,020,660	512,810,029	2,910,210,631
2019	1,798,603,280	525,012,568	1,273,590,712	3,677,741,720	485,632,657	3,192,109,063
2020	2,008,956,470	551,238,764	1,457,717,706	4,103,048,110	521,046,781	3,582,001,329
2021	2,175,288,420	601,694,918	1,573,593,502	4,031,330,270	524,799,521	3,506,530,749

Source: Dallas Central Appraisal District

Note: Property in the city is reassessed at least every three years. Property is assessed at actual value; therefore, the assessed values are equal to actual value less exemptions. Tax rates are per \$100 of assessed value.

TABLE 5

BUSINESS-PERSONAL PROPERTY			TOTAL			TOTAL DIRECT TAX RATE
ESTIMATED	LESS:		ESTIMATED	LESS:		
ACTUAL	TAX	ASSESSED	ACTUAL	TAX	ASSESSED	
VALUE	EXEMPTIONS	VALUE	VALUE	EXEMPTIONS	VALUE	
\$ 1,066,425,480	\$ 182,416,255	\$ 884,009,225	\$ 4,639,803,320	\$ 1,008,013,466	\$ 3,631,789,854	\$ 0.5295
1,101,684,660	180,498,255	921,186,405	4,689,944,170	1,001,711,549	3,688,232,621	0.5295
1,151,040,340	212,570,787	938,469,553	4,823,794,640	978,403,023	3,845,391,617	0.5531
1,275,747,640	250,286,356	1,025,461,284	5,306,748,980	1,090,508,315	4,216,240,665	0.6023
1,454,961,470	384,016,188	1,070,945,282	5,780,443,210	1,240,845,010	4,539,598,200	0.6023
1,361,283,370	274,149,744	1,087,133,626	6,049,742,170	1,196,932,944	4,852,809,226	0.6023
1,305,089,180	223,283,131	1,081,806,049	6,280,683,550	1,178,697,953	5,101,985,597	0.6023
1,315,215,260	205,277,411	1,109,937,849	6,791,559,810	1,215,922,636	5,575,637,174	0.5995
1,366,077,570	192,257,572	1,173,819,998	7,478,082,150	1,264,543,117	6,213,539,033	0.5995
1,389,153,750	217,850,106	1,171,303,644	7,595,772,440	1,344,344,545	6,251,427,895	0.5890

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(UNAUDITED)

CITY DIRECT RATES				OVERLAPPING RATES (1)						
GENERAL				CARROLLTON -		DALLAS			DALLAS	
FISCAL	BASIC	OBLIGATION	TOTAL	FARMERS	DALLAS	DALLAS	DALLAS	COUNTY	COUNTY	
YEAR	RATE	DEBT SERVICE	DIRECT (2)	BRANCH	I.S.D.	I.S.D.	COUNTY	HOSPITAL	COLLEGE	TOTAL (3)
2012	\$ 0.4873	\$ 0.0422	\$ 0.5295	\$ 1.3568	\$ 1.2903	\$ 0.2531	\$ 0.2710	\$ 0.0997	\$ 2.5101	
2013	0.4935	0.0360	0.5295	1.3306	1.2903	0.2530	0.2710	0.1194	2.5035	
2014	0.4987	0.0544	0.5531	1.3235	1.2821	0.2531	0.2760	0.1247	2.5304	
2015	0.5076	0.0947	0.6023	1.3033	1.2821	0.2531	0.2860	0.1248	2.5695	
2016	0.5139	0.0884	0.6023	1.2817	1.2821	0.2531	0.2860	0.1237	2.5468	
2017	0.5153	0.0870	0.6023	1.3917	1.2821	0.2524	0.2794	0.1229	2.6487	
2018	0.5177	0.0846	0.6023	1.3810	1.2821	0.2531	0.2794	0.1242	2.6400	
2019	0.5167	0.0828	0.5995	1.3700	1.4120	0.2531	0.2794	0.1240	2.6260	
2020	0.5273	0.0722	0.5995	1.2684	1.3104	0.2531	0.2695	0.1240	2.5145	
2021	0.5062	0.0828	0.5890	1.2547	1.2967	0.2497	0.2661	0.1240	2.4835	

Source: Dallas Central Appraisal District

Notes:

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Farmers Branch. Not all overlapping rates apply to all city property owners; for example, although the county property tax rates apply to all city property owners, the Dallas Independent School District (ISD) rates apply only to the approximately 29.3% of city property owners whose property is located within that district's geographic boundaries.

(2) The City's basic property tax rate may be increased only by a majority vote of the City Council up to the limits of State law, after which city residents may petition for a vote. Rates for debt service are set based on each year's debt requirements.

(3) Does not include Dallas ISD as school districts do not overlap each other.

DIRECT AND OVERLAPPING PROPERTY TAX LEVIES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

FISCAL YEAR	CARROLLTON - FARMERS				DALLAS	
	FARMERS BRANCH	BRANCH I.S.D.	DALLAS I.S.D.	DALLAS COUNTY	DALLAS COUNTY HOSPITAL	DALLAS COUNTY COMMUNITY COLLEGE
2012	\$ 19,230,327	\$ 188,452,360	\$ 963,386,876	\$ 393,607,404	\$ 421,898,213	\$ 161,373,615
2013	19,529,192	188,954,942	984,164,209	398,969,141	427,773,967	196,713,575
2014	21,268,861	198,050,007	1,026,191,861	415,485,244	453,602,530	214,160,553
2015	25,393,026	209,568,728	1,097,894,981	443,108,658	501,250,455	22,816,786
2016	27,340,502	218,964,725	1,185,157,319	476,309,394	540,475,266	243,935,893
2017	29,226,869	256,530,998	1,294,078,980	522,984,193	581,286,539	266,184,338
2018	30,727,576	274,637,780	1,390,841,756	561,435,880	622,295,974	284,192,691
2019	33,426,335	297,645,641	1,684,977,660	616,748,343	682,256,444	310,881,970
2020	37,250,601	290,346,785	1,681,891,083	662,939,267	707,168,061	334,408,023
2021	36,820,910	300,512,257	1,660,552,636	657,244,595	701,836,668	336,248,911

Source:

Dallas Central Appraisal District with exception of Carrollton-Farmers Branch I.S.D. In 2009, Carrollton-Farmers Branch I.S.D. began reporting their own values since the district spans multiple counties and appraisal districts began reporting only their portion of an entity's value if the entity overlaps jurisdictions.

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

TAXPAYER	2021			2012		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY
			TAXABLE			TAXABLE
			ASSESSED VALUE (a)			ASSESSED VALUE (b)
Dallas International Parkway	\$ 131,760,000	1	2.11%			
Southern Glazer's Wine and Spirits	127,178,850	2	2.03%			
Jefferson Mercer Crossing	108,324,940	3	1.73%			
Royal Tx Partners LLC	102,000,000	4	1.63%			
Galleria Mall Inv LP	101,700,000	5	1.63%			
EOS Properties at Providence Towers	95,725,000	6	1.53%	\$ 50,528,000	6	1.39%
5005 LBJ Tower LLC	86,895,390	7	1.39%			
Mercer Acquisition LLC	82,500,000	8	1.32%			
Blue Fortress Holdings LLC	75,500,000	9	1.21%			
Lakeview at Parkside	75,250,000	10	1.20%	36,600,000	9	1.01%
70 Washington Street LP				102,228,000	1	2.81%
AT&T Communications				80,528,180	2	2.22%
Occidental Chemical				64,155,510	3	1.77%
Maxim Integrated Products, Inc.				56,280,479	4	1.55%
Garden Centura LP				50,950,000	5	1.40%
Fenton Mercer Crossing Holding Co				49,167,080	7	1.35%
Glazer's Wholesale Drug Co.				40,548,900	8	1.12%
Loadstar, Inc.				33,500,000	10	0.92%
	<u>\$ 986,834,180</u>		<u>15.78%</u>	<u>\$ 564,486,149</u>		<u>15.54%</u>

Source: Dallas County, "City Report of Property Value," City of Farmers Branch

Notes:

(a) Total taxable value October 1, 2020 (2021 fiscal year) is \$6,251,427,895.

(b) Total taxable value October 1, 2011 (2012 fiscal year) is \$3,631,789,854.

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	ACTUAL LEVY YEAR	ORIGINAL LEVY (1)	SUBSEQUENT ADJUSTMENTS	TOTAL LEVY	COLLECTED WITHIN THE		TOTAL COLLECTIONS TO DATE		
					FISCAL YEAR OF THE LEVY		COLLECTIONS/ (REFUNDS) IN SUBSEQUENT YEARS	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TOTAL LEVY
					CURRENT TAX COLLECTIONS	PERCENT OF TOTAL LEVY COLLECTED			
2012	2011	\$ 19,230,327	\$ (288,886)	\$ 18,941,441	\$ 18,901,401	99.79%	\$ 27,310	\$ 18,928,711	99.93%
2013	2012	19,529,192	(225,277)	19,303,915	19,081,323	98.85%	211,908	19,293,231	99.94%
2014	2013	21,268,861	(52,728)	21,216,133	21,112,294	99.51%	80,624	21,192,918	99.89%
2015	2014	25,393,026	(287,688)	25,105,338	24,917,704	99.25%	150,672	25,068,376	99.85%
2016	2015	27,340,502	(367,836)	26,972,666	26,719,748	99.06%	210,918	26,930,666	99.84%
2017	2016	29,226,869	(557,872)	28,668,997	28,371,356	98.96%	192,793	28,564,149	99.63%
2018	2017	30,727,576	(356,593)	30,370,983	30,399,097	100.09%	(156,363)	30,242,734	99.58%
2019	2018	33,426,335	(481,016)	32,945,319	33,064,557	100.36%	(262,438)	32,802,119	99.57%
2020	2019	37,250,601	(346,813)	36,903,788	36,897,441	99.98%	(154,273)	36,743,168	99.56%
2021	2020	36,820,910		36,820,910	40,300,904	109.45%		40,300,904	109.45%

Source: Dallas County Tax Office

Note:

(1) The original levy is as of July of the previous fiscal year and does not include any subsequent adjustments.

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL	GENERAL		TOTAL	TAXABLE	PERCENTAGE		
YEAR	OBLIGATION	DEVELOPER	OUTSTANDING	ASSESSED	OF TAXABLE	ESTIMATED	DEBT PER
	BONDS	ADVANCES	DEBT	VALUE	ASSESSED VALUE	POPULATION (1)	CAPITA
Governmental Activities:							
2012	\$ 21,289,001	\$ 7,868,887	\$ 29,157,888	\$ 3,631,789,854	0.80%	28,620	\$ 1,019
2013	29,815,281	7,468,887	37,284,168	3,688,232,621	1.01%	28,800	1,295
2014	44,365,676	7,007,028	51,372,704	3,845,391,617	1.34%	29,660	1,732
2015	41,268,133	6,557,028	47,825,161	4,216,240,665	1.13%	30,350	1,576
2016	40,762,188	5,727,028	46,489,216	4,539,598,200	1.02%	30,480	1,525
2017	37,342,191	4,437,028	41,779,219	4,852,809,226	0.86%	31,560	1,324
2018	59,135,530	2,401,028	61,536,558	5,101,985,597	1.21%	31,590	1,948
2019	55,232,993		55,232,993	5,575,637,174	0.99%	31,780	1,738
2020	60,949,386		60,949,386	6,213,539,033	0.98%	41,848	1,456
2021	56,287,366		56,287,366	6,251,427,895	0.90%	35,991	1,564

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates, with the exception of 2020 and 2021, which are based on the estimated U.S. Census. The U.S. Census Bureau subsequently lowered their original 2020 population estimate in July 2021.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS: AMOUNTS		TAXABLE ASSESSED VALUE	PERCENTAGE OF ACTUAL		PER CAPITA
		AVAILABLE IN DEBT SERVICE FUND	TOTAL		TAXABLE VALUE OF PROPERTY	ESTIMATED POPULATION (1)	
2012	\$ 21,289,001	\$ 221,898	\$ 21,067,103	\$ 3,631,789,854	0.58%	28,620	\$ 736
2013	29,815,281	243,741	29,571,540	3,688,232,621	0.80%	28,800	1,027
2014	44,365,676	258,606	44,107,070	3,845,391,617	1.15%	29,660	1,487
2015	41,268,133	232,113	41,036,020	4,216,240,665	0.97%	30,350	1,352
2016	40,762,188	926,091	39,836,097	4,539,598,200	0.88%	30,480	1,307
2017	37,342,191	488,376	36,853,815	4,852,809,226	0.76%	31,560	1,168
2018	59,135,530	725,906	58,409,624	5,101,985,597	1.14%	31,590	1,849
2019	55,232,993	2,799,117	52,433,876	5,575,637,174	0.94%	31,780	1,650
2020	60,949,386	2,997,410	57,951,976	6,213,539,033	0.93%	41,848	1,385
2021	56,287,366	3,976,972	52,310,394	6,251,427,895	0.84%	35,991	1,453

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates, with the exception of 2020 and 2021, which are based on the estimated U.S. Census. The U.S. Census Bureau subsequently lowered their original 2020 population estimate in July 2021.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 SEPTEMBER 30, 2021
 (UNAUDITED)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE OVERLAPPING (1)	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt repaid with property taxes			
Carrollton/Farmers Branch Independent School District	\$ 375,315,000	16.65%	\$ 62,489,948
Dallas Independent School District	3,259,600,000	1.72%	56,065,120
Dallas County Hospital District	575,530,000	2.18%	12,546,554
Dallas County Community College District	115,750,000	2.18%	2,523,350
Dallas County	116,665,000	2.18%	2,543,297
Valwood Improvement Authority	10,145,000	41.49%	4,209,161
Dallas County Schools	<u>16,679,652</u>	2.18%	363,616
Subtotal, overlapping debt	4,469,684,652		140,741,045
City direct debt (2)	<u>56,287,366</u>	100.00%	<u>56,287,366</u>
Total direct and overlapping bonded debt	<u>\$ 4,525,972,018</u>		<u>\$ 197,028,412</u>
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)		<u>3.12%</u>	
Per capita overlapping bonded debt		<u>\$ 5,393.32</u> (3)	

Source: Municipal Advisory Council of Texas

Notes:

(1) The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value by the County and related other County entities certified taxable values. The share of market value for Carrollton/Farmers Branch ISD, Dallas ISD and Valwood Improvement Authority is calculated by the Dallas Central Appraisal District (DCAD) once every two years as these boundaries overlap within the City. (Source: Municipal Advisory Council of Texas)

(2) The City direct debt includes General Obligation Refunding Bonds, Taxable Series 2011, in the amount of \$3,230,000, which are being paid from amounts received under the Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P. and Certificates of Obligation, Series 2018 related to the Camelot Landfill project, for \$3,295,000, which are being paid from a sale of land and an increase in royalty revenue from the landfill. The City direct debt also includes bond premiums/discounts.

(3) Based on estimated US Census.

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	ESTIMATED POPULATION (1)	MEDIAN AGE (2)	PER CAPITA INCOME (2)	PERSONAL INCOME (3)	UNEMPLOYMENT RATE % (4)
2012	28,620	37.6	\$ 29,623	\$ 847,810,260	6.3%
2013	28,800	35.9	27,545	793,296,000	5.8%
2014	29,660	36.8	26,703	792,010,980	5.2%
2015	30,350	36.1	29,573	897,540,550	3.7%
2016	30,480	36.7	30,054	916,045,920	4.0%
2017	31,560	35.9	31,053	980,032,680	3.6%
2018	31,590	35.9	30,993	979,068,870	3.3%
2019	31,780	36.4	33,214	1,055,540,920	3.0%
2020	41,848	35.7	36,058	1,508,955,184	6.4%
2021	35,991	35.7	36,058	1,297,763,478	4.2%

Sources/Notes:

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates, with the exception of Fiscal Year 2020 and 2021, which are based on the estimated U.S. Census. The U.S. Census Bureau subsequently lowered their original 2020 population estimate in July 2021.

(2) Median Age and Per Capita Income data provided by U.S. Census Bureau's American Community Survey - 5 Year Estimates.

(3) Personal Income is derived by multiplying per capita income by the estimated population.

(4) Unemployment Rate % provided by Bureau of Labor Statistics.

The following information is provided by the U.S. Census Bureau based on 2020 estimated census information.

Households:	14,295	Male:	17,492
Families:	9,546	Female:	18,499

Race and Hispanic Origin:

White alone	71.70%
Black or African American alone	5.70%
American Indian and Alaska Native alone	0.40%
Asian alone	7.50%
Native Hawaiian and Other Pacific Islander alone	0.00%
Hispanic or Latino	49.10%
White alone, not Hispanic or Latino	34.90%
Two or More Races	4.70%

Source: U.S. Census Bureau

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO
(UNAUDITED)

EMPLOYERS	2021			2012 (1)		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Federal Government - Internal Revenue Service	1,200	1	1.53%	1,200	3	1.01%
Feizy	1,170	2	1.49%			
Anserteam LLC	1,001	3	1.28%			
Telvista	1,000	4	1.28%	1,000	5	0.84%
TD Industries	900	5	1.15%	1,000	5	0.84%
Haggar Clothing Company	750	6	0.96%	750	7	0.63%
IBM Corporation	700	7	0.89%	3,370	1	2.83%
Moni Smart Security (aka Monitronics or Brinks Home Security)	700	7	0.89%	700	8	0.59%
Encore Enterprises, Inc.	650	9	0.83%	650	9	0.55%
Glazer's Wholesale Drug Company	650	9	0.83%	650	9	0.55%
JPMorgan Chase Investment Services				2,390	2	2.01%
GEICO				1,200	3	1.01%
Celanese Corporation				650	9	0.55%
	<u>8,721</u>		<u>11.13%</u>	<u>13,560</u>		<u>11.41%</u>

Sources:

North Central Texas Council of Governments (NCTCOG) provides total employment estimates, which have a five-year lag. For 2021 estimated total employment is 78,393 and for 2012 estimated total employment was 119,066. (See NCTCOG 2030 Demographic Forecast and Demographic Data for Farmers Branch for further information.) The NCTCOG report is adjusted by the City of Farmers Branch finance department for businesses closed or moved prior to the reporting year.

Note:

(1) Employers with the same number of employees are ranked the same, which may result in the reporting of more than 10 employers.

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	Full-time Equivalent Employees as of September 30									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General government	62.85	66.01	65.65	72.14	73.60	74.21	69.31	69.14	70.56	69.67
General administration	6.00	6.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Communications	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Economic development	2.50	2.74	3.24	3.00	3.00	3.00	2.00	2.00	2.00	2.00
Human resources	5.00	6.00	7.00	7.00	7.47	6.47	7.75	7.75	6.75	6.48
Finance	24.00	25.18	23.48	24.48	28.24	29.38	18.21	18.21	18.73	18.96
Innovation and technology	0.00	0.00	0.00	0.00	0.00	0.00	11.89	11.89	12.89	12.75
Community services/planning	23.20	23.94	24.70	28.00	26.19	27.00	20.00	20.00	20.00	20.00
Other	0.15	0.15	0.23	2.66	1.70	1.36	1.46	1.29	2.19	1.48
Public safety	195.63	195.71	196.84	198.15	199.11	184.49	189.42	189.46	195.90	196.36
Police	115.04	115.04	115.04	116.32	115.85	100.85	102.60	102.60	104.60	104.60
Fire	78.50	78.58	78.60	78.19	79.37	79.38	82.70	82.70	88.70	88.00
Other	2.09	2.09	3.20	3.64	3.89	4.26	4.12	4.16	2.60	3.76
Public works	29.62	29.62	32.01	32.17	35.43	36.90	45.79	45.91	44.77	44.69
Public health/sustainability	0.00	0.00	0.00	0.00	0.00	0.00	20.17	20.17	20.17	19.00
Public works	27.00	27.00	28.00	31.00	34.17	35.17	24.00	24.00	24.00	24.00
Other	2.62	2.62	4.01	1.17	1.26	1.73	1.62	1.74	0.60	1.69
Culture and recreation	84.64	86.33	82.99	101.91	103.35	103.77	106.99	101.52	110.97	105.62
Parks	82.47	83.91	80.43	98.86	98.80	99.81	102.87	97.45	105.01	101.49
Tourism	0.50	0.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	1.67	1.67	2.56	3.05	4.55	3.96	4.12	4.07	5.96	4.13
Water and sewer	21.66	21.88	25.88	27.17	27.76	27.89	27.88	27.93	27.51	27.82
Water and sewer	21.66	21.88	25.88	26.46	27.00	27.00	27.00	27.00	27.00	27.00
Other	0.00	0.00	0.00	0.71	0.76	0.89	0.88	0.93	0.51	0.82
Fleet and facilities management	0.94	0.94	1.47	0.24	0.31	0.27	0.27	0.28	0.62	0.59
Fleet and facilities	0.94	0.94	1.47	0.24	0.31	0.27	0.27	0.28	0.62	0.59
Total	395.34	400.49	404.84	431.78	439.56	427.53	439.66	434.24	450.33	444.75

Source: City of Farmers Branch Finance Department

Notes:

Information is reported from amended budgets. In 2018, Innovation & Technology was separated from Finance and Public Health & Sustainability was separated from Public Works.

CITY OF FARMERS BRANCH, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public safety							
Police							
Number of authorized full-time employees	112	112	112	113	113	98	100
Number of authorized sworn officers	74	74	74	74	74	74	76
Number of violations (citations)	16,537	14,124	15,629	13,332	10,948	13,095	11,612
Fire							
Number of authorized full-time employees	78	78	78	78	79	79	82
Number of EMS runs	2,234	2,470	2,357	2,589	2,887	2,878	2,854
Number of fire runs	1,468	1,552	1,495	1,601	1,823	1,759	1,843
Public works							
Street reconstruction (lane-miles)	0.5	0.0	0.0	1.4	1.2	2.8	0.0
Street resurfacing (lane-miles)	0.0	0.0	2.9	22.0	9.6	1.0	11.5
Culture and recreation							
Parks							
Recreation memberships sold (basic)	1,376	1,286	824	1,347	1,364	1,442	1,866
Recreation memberships sold (fitness)	966	1,015	813	1,019	1,055	1,059	1,191
Total pool admissions (1)	9,457	8,446	0	51,547	40,963	61,847	68,309
Visits to Historical Park	61,288	86,309	60,406	85,799	95,847	109,785	102,413
Library							
Volumes borrowed	360,582	347,092	352,076	343,592	303,513	274,219	191,735
Volumes in library collection	135,345	131,452	135,173	137,586	136,953	132,602	116,238
Water and sewer							
Average daily water consumption (thousands of gallons)	8,354	7,718	7,458	7,743	8,048	7,084	7,901
Number of water consumers	9,492	9,572	9,628	9,729	9,770	9,770	9,937
Total water purchased (thousands of gallons)	3,049,124	2,817,138	2,722,003	2,826,124	2,937,377	2,585,683	2,883,997
Total waste water consumption (thousands of gallons)	1,181,322	1,121,936	1,172,130	1,300,202	1,732,552	1,712,000	1,549,501

Sources: Various City departments.

Note:

(1) Total pool admissions have been restated for fiscal years 2015 and 2016 to include all pool admissions; previously, only daily-pass holders were included in the count. For the period ending 2020, the aquatics center ceased operations beginning March 13 and reopened June 15 to the public at 50% capacity in light of the COVID-19 pandemic.

Fiscal Year		
<u>2019</u>	<u>2020</u>	<u>2021</u>
100	102	102
76	78	78
12,111	5,262	8,016
82	88	88
2,933	2,883	3,458
2,026	2,142	2,490
0.1	0.0	0.0
4.7	0.0	8.1
1,409	936	515
1,112	1,696	3,526
82,857	32,452	37,783
32,013	19,549	19,070
177,901	139,239	140,366
116,093	90,711	77,389
7,560	7,617	7,596
10,182	10,477	10,784
2,759,506	2,780,257	2,772,384
1,594,644	1,666,056	1,594,355

CITY OF FARMERS BRANCH, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year					
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government						
Number of general government buildings	1	1	1	1	1	1
Public safety						
Number of fire stations	3	3	3	3	3	3
Number of patrol units	16	15	15	15	15	19
Number of police stations	1	1	1	1	1	1
Public works						
Landfill capacity (million cubic yards)	24.5	24.5	24.5	24.5	24.5	53.2
Number of traffic signals	58	58	55	55	55	55
Streets (lane miles) (1)	411	411	411	411.5	412.0	413.1
Culture and recreation						
Number of aquatic centers (2)	1	1	0	1	1	1
Number of historical parks	1	1	1	1	1	1
Number of libraries	1	1	1	1	1	1
Number of parks	31	31	31	31	31	28
Number of playgrounds	13	13	13	13	13	13
Number of recreation centers	1	1	1	1	1	1
Number of senior centers	1	1	1	1	1	1
Parks acreage (3)	392	392	392	392	392	450
Utilities						
Number of fire hydrants	2,085	2,012	2,012	2,041	2,093	2,171
Sanitary sewers (miles)	162.0	162.0	165.9	166.0	152.9	162.8
Storage capacity (millions of gallons)	21.5	21.5	21.5	21.5	21.5	21.5
Storm sewers (miles) (1)	104	104	104	112	112	112.5
Water mains (miles)	203.0	203.0	206.6	206.6	201.3	202.4

Sources: Various City departments.

Notes:

- (1) Total street and storm sewer miles were reduced in 2020 due to enhanced GIS information and the removal of streets and storm sewer miles that became private property.
- (2) The City's pool was demolished in 2014 and construction of a new aquatics center began in 2014. Construction of the aquatics center was completed in 2015.
- (3) Parks acreage was changed in 2021 to reflect only actual parks acreage. Prior year data included all acreage maintained by the Parks department.

Fiscal Year			
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1	1	1	1
3	3	3	3
19	19	19	21
1	1	1	1
53.2	53.2	53.2	53.2
56	58	59	60
420.5	427.1	405.0	400.0
1	1	1	1
1	1	1	1
1	1	1	1
28	28	28	28
13	13	13	13
1	1	1	1
1	1	1	1
450	450	450	258.93
2,229	2,267	2,373	2,439
166.7	170.3	174.0	176.4
21.5	21.5	21.5	21.5
118.2	119.3	102.1	102.6
211.3	215.0	220.6	224.5

SCHEDULE OF INSURANCE POLICIES IN FORCE
 SEPTEMBER 30, 2021
 (UNAUDITED)

POLICY ISSUED BY	AM BEST RATING	POLICY NUMBER	POLICY PERIOD	COVERAGE	DEDUCTIBLES	LIABILITY LIMITS
Texas Municipal League	Property & Auto = A	04687	10/1/2020	General Liability	\$ 100,000	\$ 5,000,000
Intergovernmental Risk Pool	Workers' Comp = A		9/30/2021			
				Real and Personal Property	5,000	136,260,141
				Auto Liability	25,000	1,000,000
				Auto Physical Damage	2,500	Per Schedule
				Law Enforcement Liability	100,000	10,000,000
				Errors & Omissions	50,000	1,000,000
				Mobile Equipment	5,000	2,320,588
				Workers' Compensation	N/A	350,000 *(SIR)
The Hartford Casualty Insurance Co.	A+	61BSBHP5615	12/19/2020	Fidelity Bond for Finance	2,500	250,000
			12/19/2021	Director		
Mid-Continent Casualty Company	A+ IX	04-TOP-000013512	10/1/2020	Pollution Liability	5,000	1,000,000
			10/1/2021			
QBE Ins Corporation	A	LGS02069-21	1/1/2021	Stop Loss Coverage	150,000	1,000,000
			12/31/2021			
AIG	A	02-708-76-26	12/10/2020	Cyber Insurance	100,000	2,000,000
			12/10/2021		(Retention)	

Source: City of Farmers Branch Risk Manager

Notes: Claims Administrator - Workers' Compensation, TML Claims, 18601 LBJ Freeway, Suite 210, Town East Tower, Mesquite, Texas 75150.

TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR		ACTUARIAL VALUE OF ASSETS (1)	ACTUARIAL ACCRUED LIABILITY (2)	FUNDED RATIO	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	ANNUAL COVERED PAYROLL (ACP)	UAAL AS % OF ACP	TOTAL TMRS REQUIRED CONTRIBUTION RATE	CURRENT SERVICE PORTION OF TMRS RATE	PRIOR SERVICE PORTION OF TMRS RATE	SUPPLEMENTAL DEATH PORTION OF TMRS RATE
2012	(3)	\$ 167,716,459	\$ 198,231,012	84.6%	\$ 30,514,553	\$ 25,307,120	120.6%	19.26%	12.43%	6.71%	0.12%
2013		176,561,067	204,295,430	86.4%	27,734,363	24,893,319	111.4%	19.93%	12.73%	7.07%	0.13%
2014	(4)	187,181,205	222,656,259	84.1%	35,475,054	24,632,123	144.0%	19.62%	12.93%	6.56%	0.13%
2015		197,669,030	227,880,390	86.7%	30,211,360	25,406,973	118.9%	19.09%	9.57%	9.39%	0.13%
2016		207,096,211	236,830,239	87.4%	29,734,028	25,797,164	115.3%	17.75%	9.52%	8.10%	0.13%
2017		215,338,872	246,516,870	87.4%	31,177,998	26,888,911	116.0%	18.37%	10.17%	8.07%	0.13%
2018		225,823,161	256,692,932	88.0%	30,869,771	28,061,102	110.0%	18.73%	10.13%	8.46%	0.14%
2019		235,040,764	267,981,904	87.7%	32,941,140	28,575,894	115.3%	18.62%	10.03%	8.46%	0.13%
2020		245,955,643	278,332,006	88.4%	32,376,363	30,036,968	107.8%	19.14%	10.07%	8.93%	0.14%
2021		256,865,149	286,300,875	89.7%	29,435,726	30,681,303	95.9%	19.22%	10.08%	9.04%	0.10%

Source: Texas Municipal Retirement System

Notes:

(1) Actuarial value of assets is calculated using 10-year smoothing.

(2) As of December 31 of the preceding year, the date of the actuarial valuation. The actuarial accrued liability was calculated using the Projected Unit Credit actuarial funding method for fiscal years 2012 and 2013 and the Entry Age Normal actuarial funding method for fiscal years 2014 and 2015. The actuarial accrued liability for fiscal year 2012 and forward is adjusted for plan changes adopted effective January 1, 2010.

(3) Fiscal years 2012 and forward include the impact of Senate Bill 350 enacted by the Texas Legislature in June 2011. This legislation provided a restructuring of the Texas Municipal Retirement System funds effective December 31, 2010. Previously reported amounts included only Employee Savings Fund and the Municipal Accumulation Fund, but excluded the City's portion of the Current Service Annuity Fund (CSARF) in which costs for all retirees were shared. The legislation eliminated CSARF returning both liabilities and assets for retirees to the respective employer accounts.

(4) Fiscal year 2014 includes an update to the mortality table used to determine the annuity purchase rate.

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CONTINUING FINANCIAL DISCLOSURE SECTION

(Unaudited)

The Continuing Financial Disclosure Section presents various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of the fiscal year ending on or after September 30, 1999. The financial tables that follow are updated through September 30, 2021, from the last debt issues that were sold March of 2020. This financial information is also sent to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the Securities and Exchange Commission ("SEC").

VALUATION, EXEMPTIONS, AND GENERAL OBLIGATION DEBT
(UNAUDITED)

2021/2022 Market Valuation Established by DCAD \$ 8,303,165,630

Less Exemptions/Reductions at 100% Market Value:

Totally Exempt Parcels	\$ 546,974,010	
Homestead	339,673,194	
Freeport	172,241,582	
Over 65	186,102,866	
Capped Value Loss	68,292,028	
Agricultural	23,804,174	
Disabled Persons	7,654,800	
Veteran 100% Disabled	5,519,842	
Disabled Veterans	911,000	
Disaster	66,775	
Prorated Total Exempt	375,845	
Under 500	48,300	
Pollution Control	161,059	
Mineral Rights	1,400	
Total Exemptions		<u>1,351,826,875</u>

2021/2022 Net Taxable Assessed Valuation \$ 6,951,338,755

City Funded Debt Payable from Ad Valorem Taxes \$ 56,287,366

Less: Self Supporting Debt

Series 2011 General Obligation Refunding Bonds	(1)	2,740,526
Series 2018 Certificates of Obligation - Landfill Project	(2)	<u>2,347,531</u>

Net General Obligation Debt Payable from Ad Valorem Taxes \$ 51,199,309

General Obligation Interest and Sinking Fund 3,976,972

Ratio of Gross General Obligation Tax Debt to Taxable Assessed Valuation 0.810%

Ratio of Net General Obligation Tax Debt to Taxable Assessed Valuation 0.737%

2021 Estimated Population - 35,991

Per Capita Taxable Assessed Valuation - \$193,141

Per Capita Funded Debt Payable from Ad Valorem Taxes - \$1,423

Notes:

(1) This debt consists of General Obligation Refunding Bonds, Taxable Series 2011, which are self-supporting based upon amounts received under a Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P., with respect to the Dallas Stars Ice Skating facility located in the City. Payments under the Lease are not pledged to the payment of the bonds. If the City determines not to use payments under the Lease, or if such amounts are insufficient to pay debt service on the bonds, the City will be required to assess an ad valorem tax to pay such obligations.

(2) This debt consists of the portion of the Certificates of Obligation, Series 2018, for the Camelot Landfill project which are expected to be self-supporting from an increase in royalty revenue and a sale of land at the landfill. If the City determines not to use these revenue sources, or if such amounts are insufficient to pay debt service on the bonds, the City will be required to assess an ad valorem tax to pay such obligations.

TAXABLE ASSESSED VALUATIONS BY CATEGORY
(UNAUDITED)

	2022		2021		2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 2,412,356,700	29.05%	\$ 2,144,776,600	28.24%	\$ 1,961,050,990	26.22%
Real, Residential, Multi-Family	1,441,680,070	17.36%	1,263,119,750	16.63%	1,053,862,590	14.09%
Real, Vacant Lots/Tracts	192,020,310	2.31%	179,261,330	2.36%	254,544,760	3.40%
Real, Commercial	2,868,687,670	34.55%	2,587,208,370	34.06%	2,813,299,960	37.62%
Real, Industrial	23,531,410	0.28%	19,599,930	0.26%	17,071,380	0.23%
Real, Oil, Gas, and Other Mineral Reserves	1,400	0.00%	1,400	0.00%	1,400	0.00%
Real and Tangible Personal, Utilities	102,465,320	1.23%	100,293,170	1.32%	100,848,930	1.35%
Tangible Personal, Commercial	1,097,355,400	13.22%	1,115,892,190	14.69%	1,103,342,530	14.75%
Tangible Personal, Industrial	165,067,350	1.99%	185,619,700	2.44%	174,059,610	2.33%
Total Appraised Value Before Exemptions	8,303,165,630	100.00%	7,595,772,440	100.00%	7,478,082,150	100.00%
Less: Total Exemptions/Reductions	1,351,826,875		1,344,344,545		1,264,543,117	
Taxable Assessed Value	<u>\$ 6,951,338,755</u>		<u>\$ 6,251,427,895</u>		<u>\$ 6,213,539,033</u>	

	2019		2018	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 1,776,936,430	26.16%	\$ 1,539,465,050	24.51%
Real, Residential, Multi-Family	739,090,620	10.88%	534,056,470	8.50%
Real, Vacant Lots/Tracts	234,535,830	3.451%	176,784,830	2.81%
Real, Commercial	2,697,663,820	39.72%	2,681,541,630	42.70%
Real, Industrial	16,230,810	0.24%	32,224,060	0.51%
Real, Oil, Gas, and Other Mineral Reserves	1,400	0.00%	1,400	0.00%
Real and Tangible Personal, Utilities	100,775,320	1.48%	106,363,970	1.69%
Tangible Personal, Commercial	1,052,406,710	15.50%	1,070,555,300	17.05%
Tangible Personal, Industrial	173,918,870	2.56%	139,690,840	2.22%
Total Appraised Value Before Exemptions	6,791,559,810	100.00%	6,280,683,550	100.00%
Less: Total Exemptions/Reductions	1,215,922,636		1,178,697,953	
Taxable Assessed Value	<u>\$ 5,575,637,174</u>		<u>\$5,101,985,597</u>	

Notes:

Valuations shown are certified taxable assessed values reported by the Dallas Central Appraisal District (DCAD) to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the DCAD updates records.

VALUATION AND GENERAL OBLIGATION DEBT HISTORY
(UNAUDITED)

FISCAL YEAR	ESTIMATED POPULATION (1)	TAXABLE ASSESSED VALUATION	TAXABLE ASSESSED VALUATION PER CAPITA (2)	G.O. TAX DEBT OUTSTANDING AT END OF YEAR (3)	RATIO OF G.O. TAX DEBT TO TAXABLE ASSESSED VALUATION (2)	G.O. TAX DEBT PER CAPITA (2)(3)
2018	31,590	\$ 5,101,985,597	\$ 161,506	\$ 59,135,530	1.16%	\$ 1,872
2019	31,780	5,575,637,174	175,445	55,232,993	0.99%	1,738
2020	41,848	6,213,539,033	148,479	60,949,386	0.98%	1,456
2021	35,991	6,251,427,895	173,694	56,287,366	0.90%	1,564
2022	35,991	6,951,338,755	193,141	55,642,366	0.80%	1,546

Notes:

(1) Fiscal years 2018 and 2019 are based on North Central Texas Council of Governments original population estimates. Fiscal years 2020 and 2021 were based on preliminary estimates provided by the U.S. Census Bureau, which were last revised in July 2021. Fiscal year 2022 is a projection.

(2) As reported by the Dallas Central Appraisal District on the City's Annual State Property Tax Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt Series 2010 General Obligation Refunding and Improvement Bonds (refunding portion), Taxable Series 2011 General Obligation Refunding Bonds, and Series 2018 Certificates of Obligation for the Camelot Landfill project.

TAX RATE, LEVY, AND COLLECTION HISTORY
 LAST FIVE FISCAL YEARS
 (UNAUDITED)

<u>FISCAL</u> <u>YEAR</u>	<u>TAX</u> <u>RATE</u>	<u>GENERAL</u> <u>FUND</u>	<u>I & S</u> <u>FUND</u>	<u>TOTAL ADJUSTED</u> <u>TAX LEVY</u>	<u>% CURRENT</u> <u>COLLECTIONS</u>	<u>% TOTAL</u> <u>COLLECTIONS</u>
2017	\$ 0.6023	\$ 0.5153	\$ 0.0870	\$ 28,668,997	98.96%	99.63%
2018	0.6023	0.5177	0.0846	30,370,983	100.09%	99.58%
2019	0.5995	0.5167	0.0828	32,945,319	100.36%	99.57%
2020	0.5995	0.5273	0.0722	36,903,788	99.98%	99.56%
2021	0.5890	0.5062	0.0828	36,820,910	109.45%	109.45%

TEN LARGEST TAXPAYERS
FISCAL YEAR 2022
(UNAUDITED)

TAXPAYER	NATURE OF PROPERTY	TAXABLE VALUE	PERCENTAGE OF TOTAL CERTIFIED TAXABLE VALUE
Dallas International Parkway	Office Tower - Class A	\$ 147,198,530	2.12%
JDFW LLC	Real Estate Development	140,425,000	2.02%
WRIA 2017 2 LP	Real Estate Development	135,959,530	1.96%
Southern Glazers Wine and Spirits	Spirit and Wine Distribution	108,884,190	1.57%
Galleria Mall Inv LP	Real Estate Development	104,875,000	1.51%
Royal TX Partners LLC	Real Estate - Office/Showroom	103,500,000	1.49%
UDR Canal I LLC	Real Estate Development	100,845,000	1.45%
EOS Properties at Providence	Office Tower - Class A	92,750,000	1.33%
Towers Jefferson Centura LLC	Real Estate Development	88,192,420	1.27%
5005 LBJ Tower LLC	Office Tower - Class A	85,620,720	1.23%
		<u>\$ 1,108,250,390</u>	<u>15.95%</u>

Source: Dallas County, "City Report of Property Value," City of Farmers Branch. The total certified taxable value for the 2021-22 fiscal year is \$6,951,338,755.

TAX ADEQUACY
(UNAUDITED)

2022 Principal and Interest Requirements (1)	\$	4,931,105
\$0.0717 Tax Rate at 99% Collection Produces		4,934,269
Average Annual Principal and Interest Requirements, 2022-2039 (1)	\$	3,557,598
\$0.0517 Tax Rate at 99% Collection Produces		3,557,904
Maximum Annual Net Principal and Interest Requirements, 2022	\$	4,931,105
\$0.0717 Tax Rate at 99% Collection Produces		4,934,269

Note:
(1) Excludes self-supporting debt Taxable Series 2011 General Obligation Refunding Bonds and Series 2018 Certificates of Obligation for the Camelot Landfill project.
Debt includes premiums/discounts.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
(UNAUDITED)

FISCAL YEAR	OUTSTANDING DEBT (1)			LESS SELF- SUPPORTING DEBT (2)	NET DEBT SERVICE REQUIREMENTS	% OF PRINCIPAL RETIRED
	PRINCIPAL	INTEREST	TOTAL			
2022	\$ 4,983,487	\$ 1,785,260	\$ 6,768,747	\$ 1,837,642	\$ 4,931,105	8.85%
2023	5,142,596	1,577,677	6,720,273	1,801,310	4,918,963	9.14%
2024	3,806,156	1,410,121	5,216,277	594,210	4,622,067	6.76%
2025	3,498,343	1,280,891	4,779,234	591,836	4,187,398	6.22%
2026	3,609,883	1,157,219	4,767,102	592,081	4,175,021	6.41%
2027-2031	16,147,738	4,157,814	20,305,552		20,305,552	28.69%
2032-2036	14,023,999	1,638,018	15,662,017		15,662,017	24.92%
2037-2039	5,075,164	159,473	5,234,637		5,234,637	9.01%
	<u>\$ 56,287,366</u>	<u>\$ 13,166,473</u>	<u>\$ 69,453,839</u>	<u>\$ 5,417,079</u>	<u>\$ 64,036,760</u>	<u>100.00%</u>

Notes:

(1) "General Obligation Bonds" do not include lease/purchase obligations. Debt includes premiums/discounts.

(2) Self-Supporting Debt: Taxable Series 2011 General Obligation Refunding Bonds and Series 2018 Certificates of Obligation for Camelot Landfill project.

INTEREST AND SINKING FUND BUDGET PROJECTION
(UNAUDITED)

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/22		\$	4,931,105
Interest and Sinking Fund, 9/30/21	1,368,589		
Budgeted Interest and Sinking Fund Tax Levy	4,198,100		
Budgeted Penalty and Interest	20,000		5,586,689
Estimated Balance, 9/30/22		\$	<u>655,584</u>

Note:

(1) Excludes self-supporting debt Taxable Series 2011 General Obligation Refunding Bonds and Series 2018 Certificates of Obligation portion for Camelot Landfill project. Debt includes premiums/discounts.

COMPUTATION OF SELF-SUPPORTING DEBT
(UNAUDITED)

Stars Center Revenues (1)	\$	600,000
Landfill Revenues (2)		1,181,700
Less: Requirements for Taxable Series 2011 General Obligation Refunding Bonds		597,485
Less: Requirements for Series 2018 Certificates of Obligation for Camelot Landfill project		<u>1,240,157</u>
Deficit amount to be paid from available fund balance	\$	<u>(55,942)</u>

Notes:

(1) The Taxable Series 2011 General Obligation Refunding Bonds refunded Taxable Series 2004 Certificates of Obligation. The Taxable Series 2004 Certificates of Obligation were self-supporting general obligation debt based upon amounts received under the terms of a Ground Lease Agreement (the "Lease") between the City and the lessee, the Dallas Stars, L.P. (the "Dallas Stars"), which Lease relates to the community-style recreational ice-skating and conference facility financed in part with the proceeds of the Series 2004 Taxable Certificates. The obligation of the Dallas Stars to make lease payments to the City to support the payment of the bonds is dependent on the satisfaction of certain ongoing requirements in the Lease. If the lease payments discontinue, the City will be required to assess an ad valorem tax for the payment of the bonds.

(2) The Series 2018 Certificates of Obligation related to the Camelot Landfill project are expected to be self-supported from an increase in royalty revenue from the landfill. If the landfill payments discontinue, the City will be required to assess an ad valorem tax for the payment of the bonds.

HOTEL/MOTEL TAX REVENUE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>FISCAL YEAR</u>	<u>HOTEL/MOTEL TAX REVENUE</u>	<u>NUMBER OF ROOMS</u>
2012	\$ 1,932,530	2,137
2013	2,253,459	2,137
2014	2,396,399	2,137
2015	2,728,631	2,137
2016	2,959,667	2,137
2017	2,892,655	2,137
2018	2,849,666	1,957
2019	3,115,374	2,146
2020	1,794,067	2,272
2021	1,683,018	2,272

HOTEL OCCUPANCY TAXPAYERS
 SEPTEMBER 30, 2021
 (UNAUDITED)

HOTEL	NUMBER	TAXES	% OF
	OF ROOMS	PAID	TOTAL
Dallas Park West Hotel	337	\$ 100,951	6.00%
Sheraton Dallas Hotel by the Galleria	317	257,994	15.33%
Doubletree by Hilton Dallas Near the Galleria	290	273,237	16.23%
Doubletree by Hilton Dallas-Farmers Branch	160	212,453	12.62%
Holiday Inn Express & Suites	104	139,274	8.28%
Motel 6 Dallas	108	66,948	3.98%
Candlewood Suites	86	93,505	5.56%
Wyndham Garden Dallas North	350	140,003	8.32%
Comfort Inn & Suites (aka Parkside Hotel; formerly Fairfield Inn)	106	94,457	5.61%
Econolodge Dallas Airport North	112	45,806	2.72%
Days Inn North Dallas	51	33,734	2.00%
Super 8 North Dallas	51	41,443	2.46%
Extended Stay America #6069	83	33,437	1.99%
Hampton Inn & Suites	116	132,811	7.89%
Stripe Accounts-Short Term Rentals	Varies	16,965	1.01%
Lakeview at Parkside	1		0.00%
	<u>2,272</u>	<u>\$ 1,683,018</u>	<u>100.00%</u>

CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

	FISCAL YEARS ENDED SEPTEMBER 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 (1)</u>	2017
REVENUES:					
Program revenues:					
Charges for services	\$ 16,709,860	\$ 13,114,957	\$ 16,947,249	\$ 14,497,565	\$ 10,968,502
Operating grants and contributions	1,565,257	2,177,925	516,444	719,367	600,602
Capital grants and contributions	4,164,801	5,920,245	10,004,978	6,471,947	560,197
General revenues:					
Taxes:					
Property taxes, levied for general purposes	34,131,625	30,636,546	27,431,177	25,617,820	24,509,410
Property taxes, levied for debt service	4,973,900	4,443,207	4,584,944	4,309,918	4,291,764
Sales and use taxes	18,737,374	17,164,707	17,410,323	14,618,441	13,936,336
Hotel/motel taxes	1,683,018	1,794,067	3,115,374	2,849,666	2,892,655
Franchise taxes	3,885,156	3,873,220	4,150,775	4,248,862	4,224,063
Tax increment financing	1,557,120	4,513,776	7,351,606	4,934,111	3,484,012
Investment income	1,031,746	2,393,143	2,935,658	1,787,154	1,447,475
Gain on extinguishment of debt		9,979,973			
Gain on sale/retirement and miscellaneous	41,584	2,280,136	35,918	17,136	59,927
Total revenues	<u>88,481,441</u>	<u>98,291,902</u>	<u>94,484,446</u>	<u>80,071,987</u>	<u>66,974,943</u>
EXPENSES:					
General government	17,255,980	21,181,076	19,575,431	16,174,829	16,573,789
Public safety	26,422,950	29,902,691	29,155,722	25,966,603	26,982,151
Public works	14,984,662	12,899,719	13,841,348	12,433,845	304,447
Culture and recreation	13,626,946	14,243,692	15,349,830	13,864,483	14,415,728
Interest on long-term debt	1,527,200	1,823,611	3,474,315	2,812,608	2,217,026
Unallocated depreciation	145,929	185,799	246,659	272,867	277,305
Total expenses	<u>73,963,667</u>	<u>80,236,588</u>	<u>81,643,305</u>	<u>71,525,235</u>	<u>60,770,446</u>
Change in net position before transfers	14,517,774	18,055,314	12,841,141	8,546,752	6,204,497
Transfers	3,899,519	11,947,117	2,270,926	4,227,900	3,616,184
Change in net position	18,417,293	30,002,431	15,112,067	12,774,652	9,820,681
Net position--beginning	138,368,411	108,365,980	93,253,913	80,479,261	73,535,259
Net position--ending	<u>\$ 156,785,704</u>	<u>\$ 138,368,411</u>	<u>\$ 108,365,980</u>	<u>\$ 93,253,913</u>	<u>\$ 83,355,940</u>

(1) The fiscal year 2018 governmental activities (Net position - beginning) were restated with implementation of GASB Statement 75 to record a beginning net OPEB liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

GENERAL FUND REVENUE AND EXPENDITURE HISTORY
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

	FISCAL YEARS ENDED SEPTEMBER 30				
	2021	2020	2019	2018	2017
REVENUES					
Property, sales, and franchise taxes	\$ 56,693,276	\$ 51,521,257	\$ 48,874,564	\$ 44,470,529	\$ 42,287,059
Licenses and permits	3,810,089	2,883,283	3,712,038	5,016,007	2,024,453
Charges for services	8,416,478	7,056,305	7,528,129	6,257,776	5,487,380
Fines and forfeitures	1,447,925	1,560,596	1,969,185	1,821,404	2,253,046
Investment income	272,084	1,026,467	1,198,165	811,617	677,892
Intergovernmental				250,000	150,000
Miscellaneous	36,370	63,699	91,213	119,488	239,474
Total revenues	<u>70,676,222</u>	<u>64,111,607</u>	<u>63,373,294</u>	<u>58,746,821</u>	<u>53,119,304</u>
EXPENDITURES					
General government	14,509,967	18,300,051	14,796,687	13,176,510	14,056,036
Public safety	27,236,275	28,555,541	25,706,131	24,612,190	24,668,699
Public works	10,067,222	9,623,549	9,183,961	8,609,423	7,624,993
Culture and recreation	14,063,704	11,275,025	11,845,713	11,156,834	11,121,976
Total expenditures	<u>65,877,168</u>	<u>67,754,166</u>	<u>61,532,492</u>	<u>57,554,957</u>	<u>57,471,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,799,054</u>	<u>(3,642,559)</u>	<u>1,840,802</u>	<u>1,191,864</u>	<u>(4,352,400)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	5,013,400	4,787,700	4,714,300	5,203,200	6,604,107
Transfers out	(3,620,881)	(3,875,700)	(3,066,200)	(1,820,000)	(1,125,000)
Sale of capital assets/insurance recoveries	258,054	2,614,178	128,124	1,170,523	315,166
Total other financing sources	<u>1,650,573</u>	<u>3,526,178</u>	<u>1,776,224</u>	<u>4,553,723</u>	<u>5,794,273</u>
Net change in fund balance	6,449,627	(116,381)	3,617,026	5,745,587	1,441,873
Fund balances--beginning	<u>23,576,710</u>	<u>23,693,091</u>	<u>20,076,065</u>	<u>14,330,478</u>	<u>12,888,605</u>
Fund balances--ending	<u>\$ 30,026,337</u>	<u>\$ 23,576,710</u>	<u>\$ 23,693,091</u>	<u>\$ 20,076,065</u>	<u>\$ 14,330,478</u>

MUNICIPAL SALES TAX HISTORY
 LAST FIVE FISCAL YEARS
 (UNAUDITED)

FISCAL YEAR	TOTAL COLLECTED	% OF AD VALOREM TAX LEVY	EQUIVALENT OF AD VALOREM TAX RATE	PER CAPITA
2017	\$ 13,936,336	47.68%	\$ 0.2872	\$ 441.58
2018	14,618,441	47.57%	0.2865	462.76
2019	17,410,323	52.09%	0.3123	547.84
2020	17,164,707	46.08%	0.2762	410.17
2021	18,737,374	50.89%	0.2997	520.61

The sales tax breakdown for the City is as follows:

Dallas Area Rapid Transit (DART)	1.00¢
City Sales and Use Tax	1.00¢
State Sales and Use Tax	<u>6.25¢</u>
Total	<u><u>8.25¢</u></u>

CURRENT INVESTMENTS
 SEPTEMBER 30, 2021
 (UNAUDITED)

DESCRIPTION OF INVESTMENT	% OF PORTFOLIO	PURCHASE PRICE	MARKET VALUE
Certificates of Deposit	16.30%	\$ 14,000,000	\$ 14,000,000
Federal Home Loan Bank Notes	8.78%	7,653,389	7,541,981
Municipal Obligations	35.05%	30,588,522	30,104,944
TexPool	35.16%	30,208,061	30,208,061
US Treasury Bill	4.71%	4,090,938	4,041,992
	<u>100.00%</u>	<u>\$ 86,540,910</u>	<u>\$ 85,896,978</u>

HISTORICAL WATER AND WASTEWATER USAGE
 LAST FIVE FISCAL YEARS
 (UNAUDITED)

FISCAL YEAR	WATER USAGE			WASTE WATER CONSUMPTION
	AMOUNT IN GALLONS (000)			AMOUNT IN GALLONS (000)
	TOTAL CONSUMPTION	PEAK DAY	AVERAGE DAY	TOTAL USAGE
2012	3,049,124	16,075	8,354	1,181,322
2013	2,817,138	15,591	7,718	1,121,936
2014	2,722,003	15,017	7,458	1,172,130
2015	2,826,124	16,822	7,743	1,300,202
2016	2,937,377	13,105	8,048	1,732,552
2017	2,585,683	12,800	7,084	1,712,000
2018	2,883,997	13,962	7,901	1,549,501
2019	2,759,506	15,687	7,560	1,594,644
2020	2,780,257	13,428	7,617	1,666,056
2021	2,772,384	11,665	7,596	1,594,355

Note: Total consumption represents total gallons of water purchased by the City.

TOP TEN WATER CONSUMERS
 SEPTEMBER 30, 2021
 (UNAUDITED)

CONSUMER	TYPE OF INDUSTRY	2020-21	% OF	2020-21	% OF
		CONSUMPTION (GALLONS)	TOTAL CONSUMPTION	REVENUES	REVENUES
Qorvo Texas LLC	Real Estate	39,430,000	1.4%	\$ 280,994	2.0%
FB Creek Partners (Cooks Creek Apts)	Multi-Family Housing	29,093,000	1.0%	224,953	1.6%
Royal Texas Partners LLC Billingsley	Multi-Family Housing	28,017,000	1.0%	259,905	1.8%
Prop Serv II, Inc	Real Estate	25,691,000	0.9%	227,498	1.6%
DFW Mercer Apartments LLC	Multi-Family Housing	23,529,000	0.8%	211,583	1.5%
Lakeview at Parkside	Multi-Family Housing	21,177,000	0.8%	229,268	1.6%
Dallas County Community College	Education	19,580,000	0.7%	181,924	1.3%
Lakeside Lofts	Multi-Family Housing	18,527,000	0.7%	176,860	1.3%
Tara Place	Multi-Family Housing	18,490,000	0.7%	141,593	1.0%
Fenton Mercer Hold Co	Real Estate	18,391,000	0.7%	142,277	1.0%

MONTHLY WATER AND SEWER RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	WATER RATES				SEWER RATES			
	MONTHLY	PER 1,000 GALLONS			MONTHLY	RATE PER 1,000 GALLONS		
	BASE	OVER			BASE	OVER		
	2,000	NEXT 8,000	NEXT 10,000	20,000	2,000	NEXT 8,000	10,000	
	GALLONS	GALLONS	GALLONS	GALLONS	GALLONS	GALLONS (1)	GALLONS (1)	
2012	\$ 11.69	\$ 3.17	\$ 3.57	\$ 3.71	\$ 12.22	\$ 1.66	\$ 1.66	
2013	12.04	3.27	3.68	3.82	12.59	1.71	1.71	
2014	12.76	3.47	3.90	4.05	13.35	1.81	1.81	
2015	14.29	3.89	4.37	4.54	14.95	2.03	2.03	
2016	16.44	4.47	5.03	5.22	17.19	2.33	2.33	
2017	17.92	4.87	5.48	5.69	18.74	2.54	2.54	
2018	19.75	5.40	6.05	6.30	20.65	2.80	3.80	
2019	20.94	5.72	6.41	6.68	21.89	2.97	4.03	
2020	21.99	6.01	6.73	7.01	22.99	3.12	4.23	
2021	21.99	6.01	6.73	7.01	22.99	3.12	4.23	

Notes:

Rates are based on 3/4" and 5/8" meters, which are the standard household meter sizes. The City charges an additional rate for non-standard meter sizes.

(1) Private residents are not charged for sewer beyond 10,000 gallons.

CONDENSED STATEMENT OF WATER AND SEWER SYSTEM OPERATIONS
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

	FISCAL YEARS ENDED SEPTEMBER 30				
	2021	2020	2019	2018	2017
REVENUES					
Charges for services	\$ 27,321,970	\$ 26,312,327	\$ 24,264,193	\$ 23,719,987	\$ 19,943,106
Investment income	(15,076)	188,591	228,282	72,068	32,834
Miscellaneous	7,658	16,355	35,886	98,751	20,069
Total revenues	<u>27,314,552</u>	<u>26,517,273</u>	<u>24,528,361</u>	<u>23,890,806</u>	<u>19,996,009</u>
EXPENSES					
Personal services	1,932,363	2,263,041	2,310,746	2,004,824	2,169,120
Materials and supplies	265,954	256,041	277,884	267,072	251,666
Maintenance and utilities	1,443,145	1,198,884	1,415,092	1,512,971	1,424,595
Purchase of water	5,658,171	5,424,919	5,343,572	6,084,328	5,598,144
Sewage treatment	<u>4,782,110</u>	<u>4,188,084</u>	<u>4,511,094</u>	<u>4,833,069</u>	<u>4,260,938</u>
Total expenses	<u>14,081,743</u>	<u>13,330,969</u>	<u>13,858,388</u>	<u>14,702,264</u>	<u>13,704,463</u>
Net available for debt service	<u>\$ 13,232,809</u>	<u>\$ 13,186,304</u>	<u>\$ 10,669,973</u>	<u>\$ 9,188,542</u>	<u>\$ 6,291,546</u>
CUSTOMERS	10,784	10,477	10,182	9,937	9,770

Notes:

The above calculation of amounts available for payment of system debt service excludes non-cash expenses such as depreciation and amortization. Debt service payments are also excluded. Certain nonoperating revenue sources, principally investment income, are included.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS
(UNAUDITED)

<u>PURPOSE</u>	<u>DATE AUTHORIZED</u>	<u>AMOUNT AUTHORIZED</u>	<u>AMOUNT PREVIOUSLY ISSUED</u>	<u>UNISSUED BALANCE</u>
Infrastructure	11/7/2017	\$ 4,000,000	\$ 4,000,000	\$
Parks & Open Space	11/7/2017	7,000,000	7,000,000	
Neighborhood Dev	11/7/2017	<u>4,000,000</u>	<u>4,000,000</u>	
		<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$</u>